

**RECEIVED**

October 6, 2008

OCT 07 2008

PUBLIC SERVICE  
COMMISSION

**Via Federal Express**

Ms. Stephanie Stumbo  
Executive Director  
Public Service Commission  
211 Sower Boulevard, P.O. Box 615  
Frankfort, Kentucky 40602-0615

Ronald M. Sullivan  
Jesse T. Mountjoy  
Frank Stainback  
James M. Miller  
Michael A. Fiorella  
Allen W. Holbrook  
R. Michael Sullivan  
Bryan R. Reynolds  
Tyson A. Kamuf  
Mark W. Starnes  
C. Ellsworth Mountjoy  
Susan Montalvo-Gesser

Re: The Applications of Big Rivers Electric Corporation for: (I) Approval of Wholesale Tariff Additions for Big Rivers Electric Corporation, (II) Approval of Transactions, (III) Approval to Issue Evidences of Indebtedness, and (IV) Approval of Amendments to Contracts; and of E.ON U.S., LLC, Western Kentucky Energy Corp., and LG&E Energy Marketing, Inc., for Approval of Transactions, PSC Case No. 2007-00455

Dear Ms. Stumbo:

Enclosed for filing on behalf of Big Rivers Electric Corporation ("Big Rivers") are an original and ten copies of the following fully executed documents related to the termination of the three leveraged leases that Big Rivers entered into in 2000 with Bluegrass Leasing, a subsidiary of Philip Morris Capital Corporation ("PMCC Lease Termination").

1. Omnibus Lease Termination Agreement;
2. Unwind Agreement;
3. Funding Agreement Termination Letter (PBR-1);
4. Funding Agreement Termination Letter (PBR-2);
5. Funding Agreement Termination Letter (PBR-3);
6. RUS Consent and Release; and
7. CFC Consent Letter

The PMCC Lease Termination closed on September 30, 2008. I certify that this letter and the attached documents have been served on the attached service list.

Sincerely,



Tyson Kamuf

TAK/ej  
Enclosures

Telephone (270) 926-4000  
Telecopier (270) 683-6694

cc: Michael H. Core  
David Spainhoward  
Service List

100 St. Ann Building  
PO Box 727  
Owensboro, Kentucky  
42302-0727

SERVICE LIST  
BIG RIVERS ELECTRIC CORPORATION  
PSC CASE NO. 2007-00455

Hon. Robert Michel  
Orrick, Herrington & Sutcliffe  
666 Fifth Avenue  
New York, NY 10103

Hon. Kyle Drefke  
Orrick, Herrington & Sutcliffe  
Columbia Center  
1152 15th Street, NW  
Washington, DC 20005

Charles Buechel  
Utility & Economic Consulting Inc.  
116 Carrie Court  
Lexington, KY 40515

Hon. Doug Beresford  
Hon. Geof Hobday  
Hogan & Hartson  
555 Thirteenth Street, NW  
Washington, DC 20004

Paul Thompson  
E.ON U.S. LLC  
220 West Main Street  
Louisville, KY 40202

David Sinclair  
E.ON U.S. LLC  
220 West Main Street  
Louisville, KY 40202

D. Ralph Bowling  
Western Kentucky Energy Corp.  
P. O. Box 1518  
Henderson, KY 42419

Hon. Kendrick Riggs  
Stoll, Keenon & Ogden PLLC  
500 West Jefferson Street  
Louisville, KY 40202

Hon. Allyson Sturgeon  
E.ON U.S. LLC  
220 West Main Street  
Louisville, KY 40202

Kelly Nuckols  
Jackson Purchase Energy Corp.  
P. O. Box 4030  
Paducah, KY 42002-4030

Burns Mercer  
Meade County RECC  
P. O. Box 489  
Brandenburg, KY 40108

Sandy Novick  
Kenergy Corp.  
P. O. Box 18  
Henderson, KY 42419

Hon. Frank N. King  
Dorsey, King, Gray,  
Norment & Hopgood  
318 Second Street  
Henderson, KY 42420

Hon. David Denton  
Denton & Kueler, LLP  
P.O. Box 929  
555 Jefferson Street, Suite 301  
Paducah, KY 42002-0929

Hon. Tom Brite  
Brite and Butler  
P. O. Box 309  
Hardinsburg, KY 40143

Jack Gaines  
JDG Consulting, LLC  
P. O. Box 88039  
Dunwoody, GA 30356

SERVICE LIST  
BIG RIVERS ELECTRIC CORPORATION  
PSC CASE NO. 2007-00455

Hon. Michael L. Kurtz  
Boehm, Kurtz & Lowry  
Suite 2110  
36 East Seventh Street  
Cincinnati, OH 45202

Hon. David Brown  
Stites & Harbison, PLLC  
1800 Aegon Center  
400 West Market Street  
Louisville, KY 40202

Henry Fayne  
1980 Hillside Drive  
Columbus, Ohio 43221

Allan Eyre  
631 Mallard Lane  
Henderson, KY 42420

Russell Klepper  
Energy Services Group  
316 Maxwell Road  
Alpharetta, GA 30004

Hon. C. B. West  
Stoll Keenon Ogden PLLC  
201C North Main Street  
Henderson, KY 42420

Gary Quick  
Henderson Municipal Power & Light  
100 5th Street  
Henderson, KY 42420

Hon. John N. Hughes  
124 West Todd Street  
Frankfort, Kentucky 40601

Hon. Dennis Howard  
Assistant Attorney General  
Office of the Attorney General  
Utility & Rate Intervention Division  
1024 Capital Center Drive, Suite 200  
Frankfort, KY 40601-8204

Mr. David Brevitz  
Brevitz Consulting Services  
3623 Southwest WoodValley Terrace  
Topeka, KS 66614

Don Meade  
800 Republic Building  
420 W. Muhammad Ali Blvd.  
Louisville, KY 40202

Katherine Simpson Allen  
Stites & Harbison, PLLC  
401 Commerce Street  
Suite 800  
Nashville, Tennessee 37219

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PUBLIC SERVICE  
COMMISSION

**CONSENT AND RELEASE**

This CONSENT AND RELEASE, dated as of September 26, 2008, is given by the UNITED STATES OF AMERICA (the "Government"), acting through the Administrator of the U.S. Department of Agriculture Rural Utilities Service ("RUS"), for the benefit of BIG RIVERS ELECTRIC CORPORATION ("Big Rivers").

WHEREAS, Big Rivers has submitted an application (the "Application") to the RUS requesting it provide consents and approvals and take other actions necessary to permit Big Rivers to (i) terminate the transactions with affiliates of LG&E Energy, LLC, including the long-term operating lease of Big Rivers' generating facilities, and other related transactions entered into in 1998 in connection with the lease, and (ii) enter into new power supply and financial arrangements in connection therewith (collectively, the "Unwind"); and

WHEREAS, in connection with the Unwind, pursuant to (i) the Omnibus Termination Agreement dated as of June 30, 2008, among Big Rivers, Big Rivers Leasing Corporation, FBR-1 Statutory Trust, FBR-2 Statutory Trust, FBR-1 OP Statutory Trust, FBR-2 OP Statutory Trust, Trisail Capital Corporation, AME Investments, LLC, CoBank, ACB, AME Asset Funding, LLC, U.S. Bank National Association, AIG Matched Funding Corp., Ambac Credit Products, LLC, and Ambac Assurance Corporation (the "BofA Omnibus Termination Agreement"), and (ii) the proposed Omnibus Termination Agreement, draft dated September \_\_, 2008 (as finally negotiated and executed by the parties thereto, the "2000 Lease Transactions Termination Agreement"), among Big Rivers, Big Rivers Leasing Corporation, PBR-1 Statutory Trust, PBR-2 Statutory Trust, PBR-3 Statutory Trust, PBR-1 OP Statutory Trust, PBR-2 OP Statutory Trust, PBR-3 OP Statutory Trust, Bluegrass Leasing, AME Investments, LLC, CoBank, ACB, AME Asset Funding, LLC, U.S. Bank National Association, AIG Matched Funding Corp., Ambac Credit Products, LLC, and Ambac Assurance Corporation, the parties thereto have agreed to terminate the lease transactions entered into by Big Rivers and/or the Big Rivers Subsidiary in 2000 (collectively, the "2000 Lease Transactions"); and

WHEREAS, upon execution and delivery of the BofA Omnibus Termination Agreement, (a) each of FBR-1 Statutory Trust and FBR-1 Statutory Trust has assigned to Big Rivers such trust's undivided interest in Plant Wilson, together with the related ground lease and other interests originally leased to the owner trusts under the related head leases, and (b) the two Facility Lease Agreements (FBR-1) and (FBR-2) under which such owner trusts leased their respective undivided interests in Plant Wilson back to Big Rivers have been terminated, together with the related operative documents to which the owner trusts were a party; and

WHEREAS, pursuant to the termination of the remaining 2000 Lease Transactions pursuant to the 2000 Lease Transactions Termination Agreement, (a) each of PBR-1 Statutory Trust, PBR-2 Statutory Trust and PBR-3 Statutory Trust will assign to Big Rivers such trust's undivided interest in Plant Green, together with the related ground lease and other interests originally leased to the owner trusts under the related head leases, and (b) the three Facility Lease Agreements (PBR-1), (PBR-2) and (PBR-3) under which such owner trusts leased their respective undivided interests in Plant Green back to Big Rivers will also be terminated, together with the related operative documents to which the owner trusts were a party; and

WHEREAS, the termination price (the "Termination Price") required to be paid by Big Rivers is as described in the 2000 Lease Transactions Termination Agreement; and

WHEREAS, Big Rivers desires to consummate the termination of the remaining 2000 Lease Transactions in advance of the consummation of the Unwind; and

WHEREAS, RUS has consented to the advance termination of the BofA Lease Transaction, pursuant to the Consent and Release executed and delivered by RUS on June 30, 2008;

WHEREAS, Big Rivers has requested that RUS consent to the advance termination of the remaining 2000 Lease Transactions.

NOW, THEREFORE, RUS hereby agrees as follows:

Section 1. Terms. Terms used in this Consent and Release and not otherwise defined shall have the meanings assigned to them in the 2000 Lease Transactions Termination Agreement.

Section 2. Consent. RUS hereby acknowledges notice of the termination of the 2000 Lease Transactions and consents, for all purposes of the New RUS Agreement, dated as of July 15, 1998, the Third Restated Mortgage and Security Agreement, dated as of August 1, 2001, Third Amended and Restated Subordination, Non-Disturbance, Attornment and Intercreditor Agreement, dated as of August 1, 2001, and any other agreement, letter agreement, consent letters or other documents granting to the RUS the right to consent to or approve the actions contemplated by the 2000 Lease Transactions Termination Agreement, to Big Rivers' consummation thereof on the terms and conditions set forth in the 2000 Lease Transactions Termination Agreement; *provided* that Big Rivers must notify RUS of any material changes to the provisions of the 2000 Lease Transactions Termination Agreement from the draft provided to RUS and its counsel; it being understood and agreed that the foregoing consent is not valid with respect to any such material changes included in the final 2000 Lease Transactions Termination Agreement.

Section 3. Release. In connection with the termination of the remaining 2000 Lease Transactions, RUS hereby releases the subordinated liens and security interests of RUS described below, and consents to the termination of each security agreement identified below:

(i) RUS's second, junior and subordinate lien on, and second, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Funding Agreement Pledge Agreement (PBR-1), dated as of April 1, 2000, among RUS, Big Rivers Leasing Corporation and certain other secured parties;

(ii) RUS's second, junior and subordinate lien on, and second, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Funding

Agreement Pledge Agreement (PBR-2), dated as of April 1, 2000, among RUS, Big Rivers Leasing Corporation and certain other secured parties;

(iii) RUS's second, junior and subordinate lien on, and second, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Funding Agreement Pledge Agreement (PBR-3), dated as of April 1, 2000, among RUS, Big Rivers Leasing Corporation and certain other secured parties;

(iv) RUS's third, junior and subordinate lien on, and third, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Payment Agreement Pledge Agreement (PBR-1), dated as of April 1, 2000, among RUS, Big Rivers Leasing Corporation and certain other secured parties;

(v) RUS's third, junior and subordinate lien on, and third, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Payment Agreement Pledge Agreement (PBR-2), dated as of April 1, 2000, among RUS, Big Rivers Leasing Corporation and certain other secured parties;

(vi) RUS's third, junior and subordinate lien on, and third, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Payment Agreement Pledge Agreement (PBR-3), dated as of April 1, 2000, among RUS, Big Rivers Leasing Corporation and certain other secured parties;

(vii) RUS's third, junior and subordinate lien on, and third, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Government Securities Pledge Agreement (PBR-1), dated as of April 1, 2000, among RUS, Big Rivers Leasing Corporation and certain other secured parties;

(viii) RUS's third, junior and subordinate lien on, and third, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Government Securities Pledge Agreement (PBR-2), dated as of April 1, 2000, among RUS, Big Rivers Leasing Corporation and certain other secured parties; and

(ix) RUS's third, junior and subordinate lien on, and third, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Government Securities Pledge Agreement (PBR-3), dated as of April 1, 2000, among RUS, Big Rivers Leasing Corporation and certain other secured parties.

Section 4. Governing Law. This Consent and Release shall be governed by, and construed according to the laws of the Commonwealth of Kentucky, except to the extent governed by federal law.

Section 5. Notice. Any notice or other communication required or permitted hereunder shall be effective only if it is in writing and delivered personally or sent by telex, telecopy, or telegram or mailed registered or certified mail, return receipt requested, postage prepaid addressed as follows:

If to Big Rivers: Big Rivers Electric Corporation  
201 Third Street  
Henderson, Kentucky 42420  
Attention: President and CEO  
Telephone: (270) 827-2561  
Fax: (270) 827-2558

If to RUS: Victor T. Vu  
Rural Development Electric Program  
United States Department of Agriculture  
Mail Stop: 1524  
1400 Independence Avenue, SW  
Washington, DC 20250  
Telephone: (202) 720-1928  
Fax: (202) 692-0235

With a copy to: Arnold & Porter LLP  
555 12th Street, NW  
Washington, DC 20004  
Attention: Ken Schwartz  
Telephone: 202-942-5595  
Fax: 202-942-5999

or such other address as any such party may designate by notice given to the other parties and shall be deemed to have been given as of the date so personally delivered, sent by telex, telecopy, telegram or mailed. All notices given by telex, telecopy or telegram shall be promptly confirmed by the mailing of a letter in respect thereof.

Section 6. Entire Agreement. This Consent and Release constitutes the entire understanding of the parties relating to the subject matter hereof and supersede all prior and similar agreements and understandings, whether oral or written, relating to the subject matter herein. No assignment, amendment or modification of the terms of this Consent and Release shall be binding or effective unless expressed in writing and signed by each party and approved in writing by RUS.

*(Remainder of Page Intentionally Left Blank)*

IN WITNESS WHEREOF, the parties hereto have caused this Consent and Release to be duly executed as of the date first above written.

BIG RIVERS ELECTRIC CORPORATION

By: 

Name: Michael H. Core

Title: President/CEO

Date: September 26, 2008

UNITED STATES OF AMERICA acting through  
the Administrator of the DEPARTMENT OF  
AGRICULTURE RURAL UTILITIES SERVICE

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have caused this Consent and Release to be duly executed as of the date first above written.

BIG RIVERS ELECTRIC CORPORATION

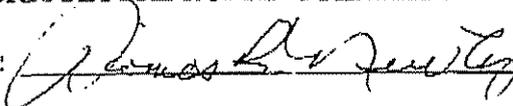
By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

UNITED STATES OF AMERICA acting through the Administrator of the DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE

By:  \_\_\_\_\_

Name: James R. Newby

Title: Acting Administrator

Date: SEP 26 2008

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PUBLIC SERVICE  
COMMISSION

THIS UNWIND AGREEMENT (this "Agreement"), dated as of September 30, 2008, is entered into by and between **BIG RIVERS ELECTRIC CORPORATION**, a Kentucky rural electric cooperative ("Big Rivers") and **COBANK, ACB**, a government sponsored enterprise of the United States of America ("CoBank"; and together with Big Rivers, the "Parties" and each a "Party").

WITNESSETH:

**Whereas**, Big Rivers, CoBank and other parties have entered into an Omnibus Termination Agreement, dated as of the date hereof (the "Termination Agreement"), pursuant to which, among other things, CoBank has agreed to accept delivery of the Government Securities free and clear of all liens, claims and encumbrances as prepayment for all amounts due under and in connection with each of the applicable Series B Loans including the Make-Whole Payment (the "Series B Prepayment Amount");

**Whereas**, the Termination Agreement requires U.S. Bank National Association in its capacity as Government Securities Collateral Agent to deliver the Government Securities to CoBank on the date hereof (the "Effective Date");

**Whereas**, after the delivery of the Government Securities to CoBank, CoBank shall sell all the Government Securities delivered to it in a commercially reasonable manner as soon as possible following delivery as specified in this Agreement;

**Whereas**, Big Rivers has agreed to pay to CoBank (i) any shortfall between the net proceeds from the liquidation of the Government Securities (the "Liquidation Amount") and the Series B Prepayment Amount, plus interest thereon until the date of payment, (ii) interest on the Series B Prepayment Amount at the rate specified in the Series B Loan Certificate from the Effective Date until the date that the Government Securities are liquidated (the "Liquidation Date"), (iii) any shortfall between the Make-Whole Payment calculated on the Effective Date and the Make-Whole Payment calculated on the Liquidation Date, (iv) and all costs and expenses attributable to the liquidation of the Government Securities (collectively, the "Series B Payment Amount"); and

**Whereas**, to induce CoBank to enter into the Termination Agreement, Big Rivers has agreed to enter into this Agreement pursuant to which Big Rivers has agreed to certain procedures and payments to CoBank in connection with the liquidation of the Government Securities.

**Now therefore**, in consideration of the premises and mutual covenants and agreements herein, the Parties each agree as follows:

## **Section 1      DEFINED TERMS**

Capitalized terms used in this Agreement, including the whereas clauses, which are not otherwise defined herein have the meanings defined or referred to in the Termination Agreement.

## **Section 2      SERIES B SETTLEMENT PROCEDURE**

The Parties agree to the following procedure for settlement of the Series B Payment Amount:

- (a) On the Effective Date, Big Rivers shall cause the Government Securities Collateral Agent to deliver the Government Securities to CoBank.
- (b) As soon as is commercially reasonable following the delivery of the Government Securities to CoBank, CoBank shall use commercially reasonable efforts to sell all Government Securities delivered to it by the Government Securities Collateral Agent.
- (c) If the Liquidation Amount is less than the Series B Prepayment Amount, plus interest on the Series B Prepayment Amount at the rate specified in the Series B Loan Certificate from the Effective Date until the Liquidation Date, Big Rivers shall, upon demand by CoBank, pay to CoBank (i) the shortfall between the Series B Prepayment Amount and the Liquidation Amount (the "Shortfall Amount") and (ii) interest on the Shortfall Amount from the Liquidation Date to the date of payment by Big Rivers at the default rate of interest set forth in the applicable Series B Loan Certificate.
- (d) In addition to the amounts specified in Section 2(c), Big Rivers shall, upon demand by CoBank, pay to CoBank (i) interest on the Series B Prepayment Amount at the rate specified in the Series B Loan Certificate from the Effective Date until the Liquidation Date, (ii) any shortfall between the Make-Whole Payment calculated on the Effective Date and the Make-Whole Payment calculated on the Liquidation Date, (iii) and all costs and expenses attributable to the liquidation of the Government Securities. To the extent that excess funds are available, Big Rivers authorizes CoBank to deduct all amounts specified in this Section 2(c) from the Liquidation Amount.
- (e) If the Liquidation Amount is in excess of the Series B Prepayment Amount plus the Series B Payment Amount, CoBank shall remit to Big Rivers such excess amount by wire to the following account within one (1) Business Day after the Liquidation Date:

ABA: 086300012  
Account #: 10585559  
Account Name: Big Rivers Electric General Fund  
Bank Name: Old National Bank

### **Section 3 RISK OF GOVERNMENT SECURITIES LIQUIDATION**

Big Rivers recognizes and acknowledges that:

- (a) The timing of the Liquidation Date will be determined by CoBank using commercially reasonable discretion and can not be specified in advance.
- (b) CoBank will use commercially reasonable efforts to sell the Government Securities, but that the price at which the Government Securities will be sold can not be determined in advance, and will be determined by the market on the Liquidation Date.
- (c) CoBank will not allocate any funds from the liquidation of the Government Securities to the payment of the Series B Prepayment Amount or the Series B Payment Amount until either (i) the Liquidation Amount is sufficient to cover the full amount of the Series Prepayment Amount and the Series B Payment Amount, or (ii) all of the Government Securities have been liquidated.

Big Rivers agrees that CoBank shall have no liability to Big Rivers based on the timing of the sale of the Government Securities or the price obtained for the Government Securities so long as CoBank has used commercially reasonable discretion in the liquidation of the Government Securities. Big Rivers agrees that CoBank shall be held harmless from all commercially reasonable efforts to liquidate the Government Securities.

### **Section 4 REPRESENTATIONS AND WARRANTIES**

Each Party hereto represents and warrants that:

- (a) the execution, delivery and performance of this Agreement by it and its consummation of the transactions contemplated hereby do not conflict with, result in a breach of, or constitute a default under, any Applicable Law, or under any indenture, mortgage, deed of trust or other instrument or agreement to which it is a party or by which it or any of its assets may be bound;
- (b) the execution, delivery and performance of this Agreement by it and its consummation of the transactions contemplated hereby have been duly authorized by all necessary action on its part, and do not and will not violate its Articles of Incorporation or By-Laws, if any, and no further consent, authorization or approval of, or exemption by, or the giving of

notice to, or the registration with or the taking of any other action in respect of any Governmental Entity or any Person is required;

- (c) assuming due authorization, execution and delivery by each other Party hereto, this Agreement constitutes its legal, valid and binding obligation and is enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium and other similar laws affecting the rights of creditors generally; and
- (d) it has the requisite power and authority to (A) enter into, exercise its rights and perform and comply with its obligations under this Agreement and all other documents relating hereto and (B) take all actions relating to this Agreement and all other documents relating hereto.

#### **Section 5      EXPENSES**

All reasonable and documented fees and expenses incurred by the Parties in connection with the negotiation, execution and delivery of this Agreement and any related documents and agreements and giving effect to the consents, terminations and releases contemplated hereby and thereby, including legal fees and expenses, shall be paid by Big Rivers.

#### **Section 6      GOVERNING LAW**

THIS AGREEMENT, AND ANY DISPUTE ARISING OUT OF OR RELATING TO IT, INCLUDING ANY DISPUTE OVER RIGHTS IN THE FACILITY, OR ANY PART THEREOF, SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

#### **Section 7      COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed an original, and all such counterparts shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be as effective as delivery of a manually executed counterpart of this Agreement.

#### **Section 8      SEVERABILITY**

Any provision of this Agreement which is invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without invalidating, prohibiting the observance of or rendering unenforceable the remaining provisions hereof, and any such invalidity, illegality or unenforceability in any jurisdiction shall not invalidate, prohibit the observance of or render unenforceable such jurisdiction in any other jurisdiction.

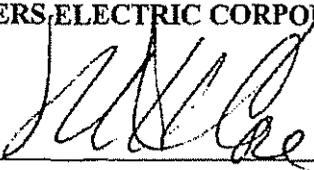
#### **Section 9      ENTIRE AGREEMENT**

This Agreement, together with the documents, instruments and agreements required to be executed and delivered in connection therewith shall, except as expressly provided to the contrary herein, supersede all prior agreements and understandings of the parties with respect to the subject matter covered hereby.

*(Remainder of Page Intentionally Left Blank)*

IN WITNESS WHEREOF, the Parties have each caused this Unwind Agreement to be duly executed as of the day and year first written above.

**BIG RIVERS ELECTRIC CORPORATION**

By:   
Name: Michael H. Core  
Title: President/CEO

**COBANK, ACB**

By: \_\_\_\_\_  
Name:  
Title:

rendering unenforceable the remaining provisions hereof, and any such invalidity, illegality or unenforceability in any jurisdiction shall not invalidate, prohibit the observance of or render unenforceable such jurisdiction in any other jurisdiction.

**Section 9 ENTIRE AGREEMENT**

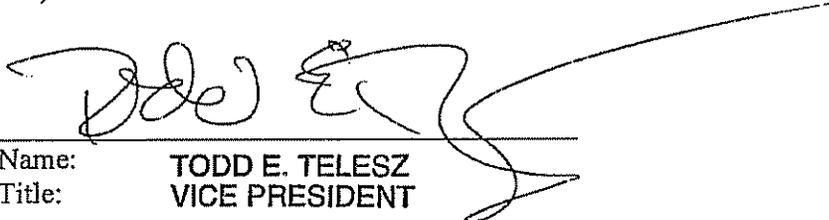
This Agreement, together with the documents, instruments and agreements required to be executed and delivered in connection therewith shall, except as expressly provided to the contrary herein, supersede all prior agreements and understandings of the parties with respect to the subject matter covered hereby.

**IN WITNESS WHEREOF**, the Parties have each caused this Unwind Agreement to be duly executed as of the day and year first written above.

**BIG RIVERS ELECTRIC CORPORATION**

By: \_\_\_\_\_  
Name:  
Title:

**COBANK, ACB**

By:   
Name: **TODD E. TELESZ**  
Title: **VICE PRESIDENT**

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**OCT 07 2008**

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**AIG MATCHED FUNDING CORP.**  
50 Danbury Road  
Wilton, Connecticut 06897-4444

September 30, 2008

Big Rivers Leasing Corporation  
c/o Entity Services Group, L.L.C.  
103 Foulk Rd., Suite 200  
Wilmington, Delaware 19803  
Telephone: 302-652-8667  
Telecopy: 302-654-7585  
Attention: President

With copy to:  
Big Rivers Electric Corporation  
201 Third Street  
Henderson, Kentucky 42420  
Facsimile No.: 270-827-2101  
Telephone No.: 270-827-2561  
Attention: Chief Financial Officer

Bluegrass Leasing  
c/o Philip Morris Capital Corporation  
225 High Ridge Road, Suite 300W  
Stamford, Connecticut 06905  
Telephone: 203-348-1350  
Attention: Vice President – Asset & Portfolio Management  
Telecopy: 203-708-8297  
Copy to: General Counsel  
Telecopy: 203-708-8256

PBR-1 Statutory Trust  
c/o U.S. Bank National Association (as successor to  
State Street Bank and Trust Company of  
Connecticut, National Association), not  
in its individual capacity, but solely as  
Trustee  
225 Asylum Street  
Hartford, Connecticut 06013  
Attention: Corporation Trust Administration,  
Big Rivers Leasing Corporation

Termination of Funding Agreement (PBR-1)

Ladies and Gentlemen:

Reference is made to (i) that certain Funding Agreement (PBR-1), dated as of April 19, 2000 (the "Agreement"), between Big Rivers Leasing Corporation ("Big Rivers Subsidiary") and AIG Matched Funding Corp. ("AIGMFC"), relating to a Facility Lease as contemplated by that certain Participation Agreement (PBR-1), dated as of April 1, 2000, among Big Rivers Electric Corporation, Bluegrass Leasing, PBR-1 Statutory Trust, PBR-1 OP Trust, AME Investments, LLC and CoBank, ACB, and (ii) the Guarantee of American International Group, Inc. ("AIG"), dated as of April 19, 2000 (the "Guarantee"), delivered in connection with the Agreement. Capitalized terms not defined herein shall have the meanings specified in the Agreement.

This letter sets forth the terms and conditions of the termination by Big Rivers Subsidiary and AIGMFC of their respective rights and obligations under the Agreement and by AIG of its obligations under the Guarantee.

Notwithstanding the terms of Section 2.1 of the Agreement, or any other provision thereof, on September 30, 2008 (the "Termination Date"), AIGMFC shall pay to Philip Morris Capital Corporation the sum of \$32,743,030.83 (the "Termination Payment"). On the Termination Date, AIGMFC shall pay the Termination Payment by wire transfer of immediately available funds to the following account:

Bank Name:	Citibank, N.A. 399 Park Avenue New York, N.Y. 10043
ABA Routing Number:	021-000-089
Account Name:	Philip Morris Capital Corporation
Account Number:	3024-1278
Attention:	Mr. Lee Bradley Cash Management (203) 708-8150
Reference:	Big Rivers

Upon payment of the Termination Payment, (i) each of the Agreement and the Guarantee shall terminate and shall be considered for all purposes to be of no further force and effect; (ii) Big Rivers Subsidiary and its successors and assigns shall be released from, and AIGMFC hereby agrees not to make any claim against Big Rivers Subsidiary or its successors or assigns with respect to, any obligations or liabilities of the Big Rivers Subsidiary arising or to be performed in connection with the Agreement; and (iii) AIGMFC and AIG and their respective successors and assigns shall be released from, and Big Rivers Subsidiary hereby agrees not to make any claim against AIGMFC (or its successors or assigns) or AIG (or its successors or assigns) with respect to, any obligations or liabilities of AIGMFC or AIG with respect to, any obligations or liabilities of AIGMFC or AIG arising or to be performed in connection with the Agreement or the Guarantee, as the case may be.

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning an executed copy of this letter to Jake Sun, Counsel, at AIGMFC.

Very truly yours,

AIG Matched Funding Corp.

By:  \_\_\_\_\_

AGREED AND ACCEPTED:

By: Big Rivers Leasing Corporation

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ACKNOWLEDGED AND AGREED

By: Bluegrass Leasing

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: PBR-1 Statutory Trust

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning an executed copy of this letter to Jake Sun, Counsel, at AIGMFC.

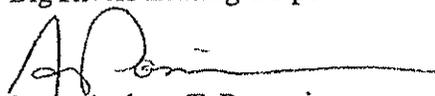
Very truly yours,

AIG Matched Funding Corp.

By: \_\_\_\_\_

AGREED AND ACCEPTED:

By: Big Rivers Leasing Corporation



Name: Andrew T. Panaccione

Title: Secretary

ACKNOWLEDGED AND AGREED

By: Bluegrass Leasing

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: PBR-1 Statutory Trust

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning an executed copy of this letter to Jake Sun, Counsel, at AIGMFC.

Very truly yours,

AIG Matched Funding Corp.

By: \_\_\_\_\_

AGREED AND ACCEPTED:

By: Big Rivers Leasing Corporation

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ACKNOWLEDGED AND AGREED

Bluegrass Leasing, By: Philip Morris Capital Corporation, its general partner

Name: Steve Secord

Title: Vice President

By: PBR-1 Statutory Trust

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning an executed copy of this letter to Jake Sun, Counsel, at AIGMFC.

Very truly yours,

AIG Matched Funding Corp.

By: \_\_\_\_\_

AGREED AND ACCEPTED:

By: Big Rivers Leasing Corporation

Name: \_\_\_\_\_

Title: \_\_\_\_\_

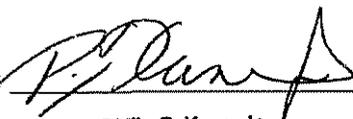
ACKNOWLEDGED AND AGREED

By: Bluegrass Leasing

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: PBR-1 Statutory Trust

Name:  \_\_\_\_\_

Title: Philip G. Kane, Jr.  
Vice President

**RECEIVED**

OCT 07 2008

**PUBLIC SERVICE  
COMMISSION**

**AIG MATCHED FUNDING CORP.**  
50 Danbury Road  
Wilton, Connecticut 06897-4444

September 30, 2008

Big Rivers Leasing Corporation  
c/o Entity Services Group, L.L.C.  
103 Foulk Rd., Suite 200  
Wilmington, Delaware 19803  
Telephone: 302-652-8667  
Telecopy: 302-654-7585  
Attention: President

With copy to:  
Big Rivers Electric Corporation  
201 Third Street  
Henderson, Kentucky 42420  
Facsimile No.: 270-827-2101  
Telephone No.: 270-827-2561  
Attention: Chief Financial Officer

Bluegrass Leasing  
c/o Philip Morris Capital Corporation  
225 High Ridge Road, Suite 300W  
Stamford, Connecticut 06905  
Telephone: 203-348-1350  
Attention: Vice President – Asset & Portfolio Management  
Telecopy: 203-708-8297  
Copy to: General Counsel  
Telecopy: 203-708-8256

PBR-2 Statutory Trust  
c/o U.S. Bank National Association (as successor to  
State Street Bank and Trust Company of  
Connecticut, National Association), not  
in its individual capacity, but solely as  
Trustee  
225 Asylum Street  
Hartford, Connecticut 06013  
Attention: Corporation Trust Administration,  
Big Rivers Leasing Corporation

Termination of Funding Agreement (PBR-2)

Ladies and Gentlemen:

Reference is made to (i) that certain Funding Agreement (PBR-2), dated as of April 19, 2000 (the "Agreement"), between Big Rivers Leasing Corporation ("Big Rivers Subsidiary") and AIG Matched Funding Corp. ("AIGMFC"), relating to a Facility Lease as contemplated by that certain Participation Agreement (PBR-2), dated as of April 1, 2000, among Big Rivers Electric Corporation, Bluegrass Leasing, PBR-2 Statutory Trust, PBR-2 OP Trust, AME Investments, LLC and CoBank, ACB, and (ii) the Guarantee of American International Group, Inc. ("AIG"), dated as of April 19, 2000 (the "Guarantee"), delivered in connection with the Agreement. Capitalized terms not defined herein shall have the meanings specified in the Agreement.

This letter sets forth the terms and conditions of the termination by Big Rivers Subsidiary and AIGMFC of their respective rights and obligations under the Agreement and by AIG of its obligations under the Guarantee.

Notwithstanding the terms of Section 2.1 of the Agreement, or any other provision thereof, on September 30, 2008 (the "Termination Date"), AIGMFC shall pay to Philip Morris Capital Corporation the sum of \$32,743,030.83 (the "Termination Payment"). On the Termination Date, AIGMFC shall pay the Termination Payment by wire transfer of immediately available funds to the following account:

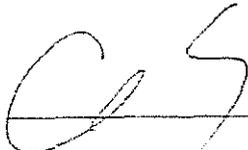
Bank Name:	Citibank, N.A. 399 Park Avenue New York, N.Y. 10043
ABA Routing Number:	021-000-089
Account Name:	Philip Morris Capital Corporation
Account Number:	3024-1278
Attention:	Mr. Lee Bradley Cash Management (203) 708-8150
Reference:	Big Rivers

Upon payment of the Termination Payment, (i) each of the Agreement and the Guarantee shall terminate and shall be considered for all purposes to be of no further force and effect; (ii) Big Rivers Subsidiary and its successors and assigns shall be released from, and AIGMFC hereby agrees not to make any claim against Big Rivers Subsidiary or its successors or assigns with respect to, any obligations or liabilities of the Big Rivers Subsidiary arising or to be performed in connection with the Agreement; and (iii) AIGMFC and AIG and their respective successors and assigns shall be released from, and Big Rivers Subsidiary hereby agrees not to make any claim against AIGMFC (or its successors or assigns) or AIG (or its successors or assigns) with respect to, any obligations or liabilities of AIGMFC or AIG with respect to, any obligations or liabilities of AIGMFC or AIG arising or to be performed in connection with the Agreement or the Guarantee, as the case may be.

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning an executed copy of this letter to Jake Sun, Counsel, at AIGMFC.

Very truly yours,

AIG Matched Funding Corp.

By:  \_\_\_\_\_

AGREED AND ACCEPTED:

By: Big Rivers Leasing Corporation

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ACKNOWLEDGED AND AGREED

By: Bluegrass Leasing

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: PBR-2 Statutory Trust

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning an executed copy of this letter to Jake Sun, Counsel, at AIGMFC.

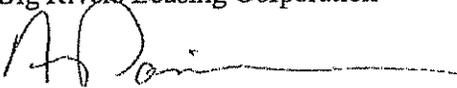
Very truly yours,

AIG Matched Funding Corp.

By: \_\_\_\_\_

AGREED AND ACCEPTED:

By: Big Rivers Leasing Corporation



Name: Andrew T. Panaccione

Title: Secretary

ACKNOWLEDGED AND AGREED

By: Bluegrass Leasing

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: PBR-2 Statutory Trust

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning an executed copy of this letter to Jake Sun, Counsel, at AIGMFC.

Very truly yours,

AIG Matched Funding Corp.

By: \_\_\_\_\_

AGREED AND ACCEPTED:

By: Big Rivers Leasing Corporation

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ACKNOWLEDGED AND AGREED

Bluegrass Leasing, By: Philip Morris Capital Corporation, its general partner

Name: Steven Seigniff

Title: Vice President

By: PBR-2 Statutory Trust

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning an executed copy of this letter to Jake Sun, Counsel, at AIGMFC.

Very truly yours,

AIG Matched Funding Corp.

By: \_\_\_\_\_

AGREED AND ACCEPTED:

By: Big Rivers Leasing Corporation

Name: \_\_\_\_\_

Title: \_\_\_\_\_

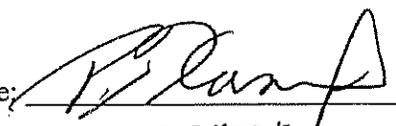
ACKNOWLEDGED AND AGREED

By: Bluegrass Leasing

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: PBR-2 Statutory Trust

Name:  \_\_\_\_\_  
Title: Philip G. Kane, Jr.  
Vice President

**RECEIVED**

OCT 07 2008

PUBLIC SERVICE  
COMMISSION

**AIG MATCHED FUNDING CORP.**  
50 Danbury Road  
Wilton, Connecticut 06897-4444

September 30, 2008

Big Rivers Leasing Corporation  
c/o Entity Services Group, L.L.C.  
103 Foulk Rd., Suite 200  
Wilmington, Delaware 19803  
Telephone: 302-652-8667  
Telecopy: 302-654-7585  
Attention: President

With copy to:  
Big Rivers Electric Corporation  
201 Third Street  
Henderson, Kentucky 42420  
Facsimile No.: 270-827-2101  
Telephone No.: 270-827-2561  
Attention: Chief Financial Officer

Bluegrass Leasing  
c/o Philip Morris Capital Corporation  
225 High Ridge Road, Suite 300W  
Stamford, Connecticut 06905  
Telephone: 203-348-1350  
Attention: Vice President – Asset & Portfolio Management  
Telecopy: 203-708-8297  
Copy to: General Counsel  
Telecopy: 203-708-8256

PBR-3 Statutory Trust  
c/o U.S. Bank National Association (as successor to  
State Street Bank and Trust Company of  
Connecticut, National Association), not  
in its individual capacity, but solely as  
Trustee  
225 Asylum Street  
Hartford, Connecticut 06013  
Attention: Corporation Trust Administration,  
Big Rivers Leasing Corporation

Termination of Funding Agreement (PBR-3)

Ladies and Gentlemen:

Reference is made to (i) that certain Funding Agreement (PBR-3), dated as of April 19, 2000 (the "Agreement"), between Big Rivers Leasing Corporation ("Big Rivers Subsidiary") and AIG Matched Funding Corp. ("AIGMFC"), relating to a Facility Lease as contemplated by that certain Participation Agreement (PBR-3), dated as of April 1, 2000, among Big Rivers Electric Corporation, Bluegrass Leasing, PBR-3 Statutory Trust, PBR-3 OP Trust, AME Investments, LLC and CoBank, ACB, and (ii) the Guarantee of American International Group, Inc. ("AIG"), dated as of April 19, 2000 (the "Guarantee"), delivered in connection with the Agreement. Capitalized terms not defined herein shall have the meanings specified in the Agreement.

This letter sets forth the terms and conditions of the termination by Big Rivers Subsidiary and AIGMFC of their respective rights and obligations under the Agreement and by AIG of its obligations under the Guarantee.

Notwithstanding the terms of Section 2.1 of the Agreement, or any other provision thereof, on September 30, 2008 (the "Termination Date"), AIGMFC shall pay to Philip Morris Capital Corporation the sum of \$27,133,938.34 (the "Termination Payment"). On the Termination Date, AIGMFC shall pay the Termination Payment by wire transfer of immediately available funds to the following account:

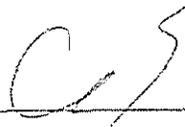
Bank Name:	Citibank, N.A. 399 Park Avenue New York, N.Y. 10043
ABA Routing Number:	021-000-089
Account Name:	Philip Morris Capital Corporation
Account Number:	3024-1278
Attention:	Mr. Lee Bradley Cash Management (203) 708-8150
Reference:	Big Rivers

Upon payment of the Termination Payment, (i) each of the Agreement and the Guarantee shall terminate and shall be considered for all purposes to be of no further force and effect; (ii) Big Rivers Subsidiary and its successors and assigns shall be released from, and AIGMFC hereby agrees not to make any claim against Big Rivers Subsidiary or its successors or assigns with respect to, any obligations or liabilities of the Big Rivers Subsidiary arising or to be performed in connection with the Agreement; and (iii) AIGMFC and AIG and their respective successors and assigns shall be released from, and Big Rivers Subsidiary hereby agrees not to make any claim against AIGMFC (or its successors or assigns) or AIG (or its successors or assigns) with respect to, any obligations or liabilities of AIGMFC or AIG with respect to, any obligations or liabilities of AIGMFC or AIG arising or to be performed in connection with the Agreement or the Guarantee, as the case may be.

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning an executed copy of this letter to Jake Sun, Counsel, at AIGMFC.

Very truly yours,

AIG Matched Funding Corp.

By:  \_\_\_\_\_

AGREED AND ACCEPTED:

By: Big Rivers Leasing Corporation

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ACKNOWLEDGED AND AGREED

By: Bluegrass Leasing

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: PBR-3 Statutory Trust

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning an executed copy of this letter to Jake Sun, Counsel, at AIGMFC.

Very truly yours,

AIG Matched Funding Corp.

By: \_\_\_\_\_

AGREED AND ACCEPTED:

By: Big Rivers Leasing Corporation



Name: Andrew T. Panaccione

Title: Secretary

ACKNOWLEDGED AND AGREED

By: Bluegrass Leasing

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: PBR-3 Statutory Trust

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning an executed copy of this letter to Jake Sun, Counsel, at AIGMFC.

Very truly yours,

AIG Matched Funding Corp.

By: \_\_\_\_\_

AGREED AND ACCEPTED:

By: Big Rivers Leasing Corporation

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ACKNOWLEDGED AND AGREED

Bluegrass Leasing, By: Philip Morris Capital Corporation, its general partner

Name: Steven Leagold

Title: Vice President

By: PBR-3 Statutory Trust

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning an executed copy of this letter to Jake Sun, Counsel, at AIGMFC.

Very truly yours,

AIG Matched Funding Corp.

By: \_\_\_\_\_

AGREED AND ACCEPTED:

By: Big Rivers Leasing Corporation

Name: \_\_\_\_\_

Title: \_\_\_\_\_

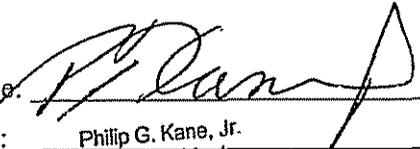
ACKNOWLEDGED AND AGREED

By: Bluegrass Leasing

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: PBR-3 Statutory Trust

Name:  \_\_\_\_\_

Title: Philip G. Kane, Jr.  
Vice President

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OCT 07 2008

PUBLIC SERVICE  
COMMISSION

September 26, 2008

Big Rivers Leasing Corporation  
c/o Entity Services Group, L.L.C.  
103 Foulk Road  
Suite 200  
Wilmington, DE 19803

Re: Release of Lien and Consent to Termination of Security Documents

Dear Madam or Sir:

Please be advised that the undersigned, NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, a not-for-profit cooperative association organized under the laws of the District of Columbia ("CFC"), hereby releases its subordinated liens and security interests described below, and consents to the termination of each security agreement identified below:

(i) CFC's second, junior and subordinate lien on, and second, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Funding Agreement Pledge Agreement (PBR-1), dated as of April 1, 2000, among RUS, Big Rivers Leasing Corporation and certain other secured parties;

(ii) CFC's second, junior and subordinate lien on, and second, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Funding Agreement Pledge Agreement (PBR-2), dated as of April 1, 2000, among CFC, Big Rivers Leasing Corporation and certain other secured parties;

(iii) CFC's second, junior and subordinate lien on, and second, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Funding Agreement Pledge Agreement (PBR-3), dated as of April 1, 2000, among CFC, Big Rivers Leasing Corporation and certain other secured parties;

(iv) CFC's third, junior and subordinate lien on, and third, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Payment Agreement Pledge Agreement (PBR-1), dated as of April 1, 2000, among CFC, Big Rivers Leasing Corporation and certain other secured parties;

(v) CFC's third, junior and subordinate lien on, and third, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Payment

Agreement Pledge Agreement (PBR-2), dated as of April 1, 2000, among CFC, Big Rivers Leasing Corporation and certain other secured parties;

(vi) CFC's third, junior and subordinate lien on, and third, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Payment Agreement Pledge Agreement (PBR-3), dated as of April 1, 2000, among CFC, Big Rivers Leasing Corporation and certain other secured parties;

(vii) CFC's third, junior and subordinate lien on, and third, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Government Securities Pledge Agreement (PBR-1), dated as of April 1, 2000, among CFC, Big Rivers Leasing Corporation and certain other secured parties;

(viii) CFC's third, junior and subordinate lien on, and third, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Government Securities Pledge Agreement (PBR-2), dated as of April 1, 2000, among CFC, Big Rivers Leasing Corporation and certain other secured parties; and

(ix) CFC's third, junior and subordinate lien on, and third, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Government Securities Pledge Agreement (PBR-3), dated as of April 1, 2000, among CFC, Big Rivers Leasing Corporation and certain other secured parties.

*(Remainder of Page Intentionally Left Blank)*

Sincerely,

NATIONAL RURAL UTILITIES COOPERATIVE  
FINANCE CORPORATION

By:  \_\_\_\_\_

Name: Nazir Rostom

Title: ASSISTANT SECRETARY TREASURER

RECEIVED

OCT 07 2008

*Execution Version*

PUBLIC SERVICE  
COMMISSION

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OMNIBUS TERMINATION AGREEMENT

dated as of September 30, 2008

among

BIG RIVERS ELECTRIC CORPORATION,  
as Head Lessor and Lessee,

BIG RIVERS LEASING CORPORATION,  
as Big Rivers Subsidiary,

PBR-1 STATUTORY TRUST, PBR-2 STATUTORY TRUST and  
PBR-3 STATUTORY TRUST,  
each as Owner Trust,

PBR-1 OP STATUTORY TRUST, PBR-2 OP STATUTORY TRUST and  
PBR-3 OP STATUTORY TRUST,  
each as OP Trust,

BLUEGRASS LEASING,  
as Owner Participant,

AME INVESTMENTS, LLC,  
as Series A Lender,

COBANK, ACB,  
as Series B Lender,

AME ASSET FUNDING, LLC,  
as Payment Undertaker,

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee, as Government Securities Collateral Agent, and as Stock Pledge Agreement Collateral  
Agent,

AIG MATCHED FUNDING CORP.,  
as Funding Agreement Issuer,

AMBAC CREDIT PRODUCTS, LLC,  
as Swap Provider

and

AMBAC ASSURANCE CORPORATION,  
as Swap Guarantor, Series B Loan FGIP Issuer and Funding Agreement FGIP Issuer

---

THIS OMNIBUS TERMINATION AGREEMENT (this "Termination Agreement" or "Agreement"), dated as of September 30, 2008, is entered into among (a) **BIG RIVERS ELECTRIC CORPORATION**, a Kentucky rural electric cooperative ("Big Rivers"), (b) **BIG RIVERS LEASING CORPORATION**, a Delaware corporation ("Big Rivers Subsidiary"), (c) **PBR-1 STATUTORY TRUST**, a Connecticut statutory trust, acting through U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States, not in its individual capacity but solely as Trustee of a Connecticut statutory trust created by the Trust Agreement (PBR-1) ("PBR-1 Trust"), (d) **PBR-2 STATUTORY TRUST**, a Connecticut statutory trust, acting through U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States, not in its individual capacity but solely as Trustee of a Connecticut statutory trust created by the Trust Agreement (PBR-2) ("PBR-2 Trust"), (e) **PBR-3 STATUTORY TRUST**, a Connecticut statutory trust, acting through U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States, not in its individual capacity but solely as Trustee of a Connecticut statutory trust created by the Trust Agreement (PBR-3) ("PBR-3 Trust" and collectively with the PBR-1 Trust and the PBR-2 Trust, the "Owner Trusts"), (f) **PBR-1 OP STATUTORY TRUST**, a Connecticut statutory trust, acting through U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States, not in its individual capacity but solely as Trustee of a Connecticut statutory trust created by the Trust Agreement (PBR-1) ("PBR-1 OP Trust"), (g) **PBR-2 OP STATUTORY TRUST**, a Connecticut statutory trust, acting through U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States, not in its individual capacity but solely as Trustee of a Connecticut statutory trust created by the Trust Agreement (PBR-2) ("PBR-2 OP Trust"), (h) **PBR-3 OP STATUTORY TRUST**, a Connecticut statutory trust, acting through U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States, not in its individual capacity but solely as Trustee of a Connecticut statutory trust created by the OP Trust Agreement (PBR-3) ("PBR-3 OP Trust" and collectively with the PBR-1 OP Trust, and the PBR-2 OP Trust, the "OP Trusts"), (i) **BLUEGRASS LEASING**, a New York general partnership ("Bluegrass Leasing" or "Owner Participant"), (j) **AME INVESTMENTS, LLC**, a Delaware limited liability company ("AME Investments"), (k) **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized under the laws of the United States, not in its individual capacity but solely as Trustee of each of the Owner Trusts and the OP Trusts, as Trustee ("Trustee"), as Government Securities Collateral Agent under each of the Government Securities Pledge Agreements (the "Government Securities Collateral Agent") and as Stock Pledge Agreement Collateral Agent under the Stock Pledge Agreement (the "Stock Pledge Agreement Collateral Agent"), (l) **AIG MATCHED FUNDING CORP.** as Funding Agreement Issuer ("Funding Agreement Issuer"), (m) **AME ASSET FUNDING, LLC.**, a Delaware limited liability company ("AME Asset Funding"), (n) **COBANK, ACB**, a government sponsored enterprise of the United States of America ("CoBank"), (o) **AMBAC CREDIT PRODUCTS, LLC**, a Delaware limited liability company ("Ambac Credit Products") and (p) **AMBAC ASSURANCE**

**CORPORATION**, a Wisconsin domiciled stock insurance company ("Ambac"), (the PBR Trusts, AME Investments, AME Asset Funding, CoBank and Ambac Credit Products and Ambac, being sometimes hereafter referred to collectively as the "Lease Parties" and individually as a "Lease Party"), and the Lease Parties, together with the PBR OP Trusts, the Trustee, the Government Securities Collateral Agent and Bluegrass Leasing being hereinafter referred to collectively as the "Lease Transaction Parties" and individually as a "Lease Transaction Party") (the Lease Transaction Parties and Big Rivers, collectively, the "Parties" and each a "Party").

W I T N E S S E T H :

**Whereas**, Big Rivers, the Owner Trusts, the OP Trusts, Trustee, Bluegrass Leasing, AME Investments and CoBank, are parties to three separate Participation Agreements, each dated as of April 1, 2000 (each a "Participation Agreement" and, collectively, the "Participation Agreements"), pursuant to two of which Big Rivers has leased to two of the Owner Trusts undivided interests in the Plant Robert D. Green Unit and Unit 2 and related Plant Green Common Facilities and pursuant to one of which Big Rivers has leased to the Owner Trust an undivided interest in Plant D.B. Wilson Unit 1, pursuant to three separate Head Leases, each dated as of April 1, 2000, between Big Rivers and an Owner Trust (each, a "Head Lease" and, collectively, the "Head Leases") for a term extending beyond the useful life of Plant Robert D. Green Unit 1 and Unit 2 or Plant D.B. Wilson Unit 1, as the case may be. Each Undivided Interest was leased by an Owner Trust back to Big Rivers pursuant to three separate Facility Leases, each dated as of April 1, 2000 (each, a "Facility Lease" and, collectively, the "Facility Leases") for a significantly shorter term. The beneficial interest in the PBR-1 Trust, PBR-2 Trust and PBR-3 Trust is owned by the PBR-1 OP Trust, PBR-2 OP Trust and PBR-3 OP Trust, respectively.

**Whereas**, all of the rent under each Head Lease was paid at the commencement of the term of the Head Leases and was provided, in part, from the proceeds of non-recourse loans made to each Owner Trust from AME Investments and CoBank in accordance with three separate Leasehold Mortgages and Security Agreements, each dated as of April 1, 2000 (each, a "Leasehold Mortgage" and, collectively, the "Leasehold Mortgages").

**Whereas**, the Big Rivers Subsidiary entered into three Payment Agreements, each dated as of April 1, 2000 (each, a "Payment Agreement" and, collectively, the "Payment Agreements") with the Payment Undertaker and consented to the pledge of the Big Rivers Subsidiary's right, title and interest under each Payment Agreement to the respective Owner Trust, the Swap Provider and the First Mortgage Mortgagees pursuant to the respective Payment Agreement Pledge Agreement, each dated as of April 1, 2000 (each, a "Payment Agreement Pledge" and, collectively, the "Payment Agreement Pledges").

**Whereas**, the Big Rivers Subsidiary established three separate deposits of certain government securities and entered into three Government Securities Pledge Agreements, each dated as of April 1, 2000 (each, a "Government Securities Pledge Agreement" and, collectively, the "Pledge Agreements") in favor of the Swap Provider, the respective Owner Trust and the First Mortgage Mortgagees.

**Whereas**, credit support was provided by each Owner Trust to the Series B Lender pursuant to the delivery of a Financial Guaranty Insurance Policy, dated April 18, 2000 (each, a "Series B Loan FGIP" and, collectively, the "Series B Loan FGIPs").

**Whereas**, the Big Rivers Subsidiary entered into three separate Funding Agreements, each dated April 19, 2000 (each, a "Funding Agreement" and collectively, the "Funding Agreements") with the Funding Agreement Issuer, each guaranteed by an affiliate of the Funding Agreement Issuer, which guarantee was insured by a Financial Guaranty Insurance Policy, each dated April 18, 2000, issued by Ambac (each, a "Funding Agreement FGIP") and granted security interests therein to the Swap Provider and the First Mortgage Mortgagees, pursuant to the respective Funding Agreement Pledge Agreement, each dated as of April 1, 2000 (each, a "Funding Agreement Pledge" and, collectively, the "Funding Agreement Pledges").

**Whereas**, the OP Trusts and Ambac Credit Products entered into three separate ISDA Master Agreements, each dated April 18, 2000 between Ambac Credit Products and PBR-1 OP Trust, PBR-2 OP Trust and PBR-3 OP Trust, respectively (each of such ISDA Master Agreements, an "Equity Swap" and, collectively, the "Equity Swaps"). Each Equity Swap was secured by a Surety Bond, dated April 18, 2000 issued by Ambac (each, a "Surety Bond" and, collectively, the "Surety Bonds") as separate credit protection for the respective OP Trusts.

**Whereas**, Ambac Credit Products and Big Rivers have entered into three separate ISDA Master Agreements, each dated April 18, 2000, under which, in certain circumstances, the interests covered thereby may be conveyed to Big Rivers (each, a "Big Rivers Swap" and, collectively, the "Big Rivers Swaps").

**Whereas**, Big Rivers desires to purchase each of the Facility Lessor's Interests (including all of the right, title and interest of each of the respective Owner Trust in, to and under the Undivided Interest in Plant Robert D. Green Unit 1 and 2 or the Plant D.B. Wilson Unit 1) and each of the Owner Trusts has agreed to such purchase provided that, as consideration therefor, (a) the Series A Lender agrees for the benefit of each of the Owner Trusts and Big Rivers to accept all right, title and interest under each Payment Agreement as and for payment of the Payment Termination Amount and as prepayment in full of each of the respective Series A Loans (collectively, the "Series A Prepayment"), (b) each Owner Trust receives the Collateral subject to the Government Securities Pledge Agreement from Big Rivers Leasing Corporation, the sales proceeds of which will be used by the Series B Lender to prepay in full all amounts due under and in connection with each of the Series B Loans including the Make-Whole Payment (collectively, the

“Series B Prepayment Amount”) and (c) Bluegrass Leasing receives \$214 million from Big Rivers, in the form of funds in the amount of \$201,620,000 and a promissory note of Big Rivers payable to Bluegrass Leasing in the principal amount of \$12,380,000 in the form attached hereto as Exhibit A to Schedule 1, (the aggregate of such funds and the principal amount of such note, aggregating \$214 million, the “OP Payment Amount”) (collectively, clauses (a), (b) and (c), the “Lessor Consideration”), and in return each Owner Trust and Big Rivers have agreed that Big Rivers shall receive each of the Facility Lessor’s Interests.

**Whereas**, in connection with the prepayment of each Series A Loan, the Series A Lender has agreed to accept all right, title and interest under each Payment Agreement as and for payment of the Payment Termination Amount, and in connection with the prepayment of each Series B Loan, the Series B Lender has agreed to accept delivery by Big Rivers Leasing Corporation of the Government Securities and has agreed to accept a modification in the computation of “Make-Whole Payment” from that specified the Leasehold Mortgage, such that all of the Loan Certificates will be, and will be deemed to be, prepaid in full.

**Whereas**, concurrently with the transfer of each of the Facility Lessor’s Interests, subject to the terms and conditions set forth in this Agreement, and in consideration of the payments provided in this Agreement, each of the Parties hereto desires to terminate its respective right, title and interest in, to and under the Operative Documents to which it is a party, in each case, as set forth in this Agreement and agrees to take the other actions set forth in this Agreement.

**Whereas**, the Parties have mutually agreed that upon completion of the transactions contemplated by this Agreement on the Effective Date, subject to Section 2(c) hereof, each Facility Lease will be terminated, and, subject to Sections 2(c) and 2(h) hereof, all of the Operative Documents entered into in connection with the execution and delivery of each Participation Agreement and the collateral security granted in connection with the transactions contemplated by each Participation Agreement will be terminated, released or dealt with as otherwise expressly provided herein, all in the manner provided for in this Agreement.

**Now therefore**, in consideration of the premises and mutual covenants and agreements herein, the Parties each agree as follows:

**Section 1      DEFINITIONS**

- (a) Capitalized terms used in this Agreement, including the *whereas* clauses, which are not otherwise defined herein have the meanings assigned to them in Appendix A to the applicable Participation Agreement. The general provisions of Appendix A shall apply to terms used in this Agreement.

(b) The following terms have the following meanings:

“**Action**” means each action taken, or to be taken, and each event occurring, or to occur, pursuant to this Agreement, including the actions described on Schedule 1 hereto; and

“**Collateral**” has the meaning given in the Government Securities Pledge Agreements.

“**Effective Date**” means September 30, 2008.

“**Lessor Consideration**” has the meaning given in the whereas clauses to this Agreement.

“**Make-Whole Payment**” shall have the meaning specified in the Leasehold Mortgage, except that the amount specified in clause (b) of the first sentence thereof shall be deleted.

“**Operative Documents**” has the meaning given such term in each Participation Agreement.

“**Payment Termination Amount**” has the meaning given such term in the applicable Payment Agreement.

“**Unwind Agreement**” shall mean the Unwind Agreement, dated as of September 30, 2008 between Big Rivers and CoBank.

## Section 2      **TERMINATION; TAXES**

(a) Notwithstanding any provision to the contrary contained in this Agreement or the Operative Documents, the following actions shall occur, and be deemed to occur simultaneously, on the Effective Date:

(i) On the Effective Date, Big Rivers shall pay the purchase price for all three of the Facility Lessor’s Interests by (A) conveying to Philip Morris Capital Corporation, as designee of all three the Owner Trusts, the cash portion of the Lessor Consideration comprising the OP Payment Amount and by delivering to Philip Morris Capital Corporation, as designee of all three Owner Trusts, its promissory note payable to the order of Philip Morris Capital Corporation for \$12,380,000 in the form attached as Exhibit A to Schedule 1 (the “BREC Promissory Note”), (B) conveying to the Series A Lender the portion of the

Lessor's Consideration comprising the Series A Prepayment and (C) causing the Big Rivers Subsidiary to direct the Government Securities Collateral Agent to deliver the Government Securities subject to the Government Securities Pledge Agreement to the Series B Lender, each clause (A), (B) and (C) as described in more detail on Schedule 1 hereto.

- (ii) Each of the Series A Loan Certificates shall become immediately due and payable and the Series A Lender hereby agrees that it shall accept all right, title and interest under each Payment Agreement as and for payment of the Payment Termination Amount and as constituting the prepayment and satisfaction in full of each Series A Loan pursuant to Section 2.10(c) of the respective Leasehold Mortgages (it being understood that no make-whole payment or other premium shall be due and payable on the Series A Loan Certificates). Concurrently therewith, the Owner Trusts and Big Rivers Leasing Corporation irrevocably release all of their right, title and interest in the Payment Agreements to the respective Series A Lender.
  - (iii) The Series B Loan Certificates shall become immediately due and payable in full (including the Make-Whole Payment described in paragraph 2 of Schedule 1 hereto), and the delivery of the Collateral subject to Government Securities Pledge Agreement by the Government Securities Collateral Agent to the Series B Lender shall constitute the prepayment and satisfaction in full of each Series B Loan pursuant to Section 2.10(c) of the respective Leasehold Mortgages.
  - (iv) Each party to this Agreement hereby releases any security interest it may have in the Payment Agreements, the Funding Agreements or the Collateral under the Government Securities Pledge Agreement or the Stock Pledge Agreement, created by or arising under the Payment Agreement Pledge Agreements, the Funding Agreement Pledge Agreements, the Stock Pledge Agreement or the Government Securities Pledge Agreement, respectively.
- (b) Subject to completion of the actions referred to in Section 2(a) and receipt of the OP Payment Amount and the Collateral subject to

Government Securities Pledge Agreement by the Parties entitled thereto pursuant to Section 2(a), on and as of the Effective Date,

- (i) each of the Loan Certificates shall be deemed “cancelled”, whereupon the Lien of each Leasehold Mortgage shall be discharged, and each of the Series A Lender, the Series B Lender and the Agent hereby acknowledges and agrees that, without further action, all Liens arising pursuant to each Leasehold Mortgage or under any other Operative Document in favor of the Lenders shall be released as of the Effective Date and each of the Series A Lender and the Series B Lender shall surrender the Loan Certificates for cancellation in accordance with each Leasehold Mortgage and the Series B Lender shall surrender each Series B Loan FGIP to Ambac for cancellation;
- (ii) (x) each Owner Trust will sell and transfer all of the respective Facility Lessor’s Interest to Big Rivers on an “as-is, where-is” and “with all faults” basis, without any representations or warranties and without any recourse (except as to the absence of any Facility Lessor’s Liens and any Owner Participant’s Liens), (y) Big Rivers shall retain possession of each Facility Lessor’s Interest and (z) in accordance with Section 2(c), each Facility Lease shall terminate;
- (iii) the Agent and Lenders hereby authorize the Agent, the Owner Trusts and Big Rivers to file or cause to be filed all releases of mortgage, releases of leasehold or lien, termination statements or other documents in the real property record, or under the Uniform Commercial Code, of New York, Connecticut, Kentucky, or any other applicable jurisdiction, which may be necessary or advisable to reflect the termination and release of any Liens created in favor of the Lenders pursuant to the Operative Documents;
- (iv) each of the OP Trusts, the Owner Trusts and the Owner Participant hereby authorizes Big Rivers to file or cause to be filed all releases of mortgage, releases of leasehold or lien, termination statements or other documents in the real property record, or under the Uniform Commercial Code of New York, Connecticut, Kentucky, or any other applicable jurisdiction, which may be necessary or advisable to reflect

the termination and release of the Liens created in favor of any OP Trust, any Owner Trust or the Owner Participant pursuant to the Operative Documents;

- (v) the Government Securities Collateral Agent shall take all action reasonably requested by Big Rivers to deliver possession and control of the Collateral to the Series B Lender;
  - (vi) each Funding Agreement shall be delivered to Big Rivers;
  - (vii) each Equity Swap and Surety Bond shall be deemed "cancelled" and the OP Trusts shall surrender the respective Equity Swaps and Surety Bonds to Ambac Credit Products; and
  - (viii) each Big Rivers Swap shall be deemed "cancelled" and Ambac Credit Products shall surrender the respective Big Rivers Swaps to Big Rivers.
- (c) Upon completion of the transactions contemplated by this Agreement on the Effective Date, including receipt by Philip Morris Capital Corporation of the OP Payment Amount and receipt by the Series B Lender of the Collateral subject to the Government Securities Pledge Agreement pursuant to Section 2(a) hereof, all of the Operative Documents, except for the First Mortgage Supplement listed on Schedule 2, shall automatically terminate without necessity of any further action by any Party hereto or by any other Person. Notwithstanding the foregoing, (i) no provision of any Operative Document shall terminate if such Operative Document specifically provides for the survival of such provision following the expiration or termination of the Facility Lease Term and (ii) Sections 9.1 and 9.2 of each Participation Agreement and each Tax Indemnity Agreement shall survive as provided in clauses (d) through (f) of this Section 2. Upon receipt by the Trustee of a letter of instruction executed and delivered by the Owner Participant, each OP Trust Agreement and each Trust Agreement and each trust governed thereby shall be terminated and a certificate of cancellation for each OP Trust and each Owner Trust shall be filed with the Secretary of State of the State of Connecticut. Except as provided in clauses (c) through (f) of this Section 2, no Party to this Agreement shall have any further liability or obligation to any other Party with respect to such terminated Operative Documents.

- (d) The general indemnity provisions contained in Section 9.1 of each Participation Agreement shall survive the Effective Date with respect to Claims based on circumstances or conditions occurring or existing on or before the Effective Date or attributable to periods on or prior to the Effective Date, including Claims arising from or in connection with the execution, delivery, performance or non-performance of this Agreement or the transactions contemplated hereby.
- (e) The general tax indemnity provisions contained in Section 9.2 of each Participation Agreement shall survive the Effective Date with respect to Taxes arising from or in connection with events, acts or omissions occurring or existing on or prior to the Effective Date or attributable to periods ending on or prior to Effective Date, including Taxes arising from or in connection with the execution, delivery, performance or non-performance of this Agreement or any actions taken in connection therewith, subject, in all events, to the exclusions set forth (other than for the avoidance of doubt, clause (v) of Section 9.2(b) as to the Owner Participant, the Owner Trust and the Trustee) in Section 9.2(b) of each Participation Agreement.
- (f) The Tax Indemnity Agreement shall survive the Effective Date with respect to Tax Losses based on circumstances or conditions occurring or existing on or prior to the Effective Date or attributable to the periods on or prior to the Effective Date.
- (g) Each of the Parties agrees that this Agreement, and any other document or instrument executed in connection with the transactions contemplated hereby, shall constitute "Operative Documents" for purposes of Section 9.1 and 9.2 of the Participation Agreement and the Tax Indemnification Agreement (and the definition of "Operative Documents" set forth in Appendix A to the Participation Agreement is hereby amended accordingly), it being agreed and understood that the execution, delivery and Actions taken in accordance with this Agreement constitute a "voluntary sale" not arising "in connection with an Event of Default under the Facility Lease that shall theretofore have occurred and be continuing" within the meaning of Section 6(a) of the Tax Indemnity Agreement. For the avoidance of doubt, it is understood that this Agreement, any other document or instrument executed or delivered in connection with the transactions contemplated hereby, and each representation, warranty, covenant and agreement of the parties set forth herein or

therein or contemplated hereby or thereby, are not intended to be subject to the termination and release provided for in Section 2(c) of this Agreement.

- (h) Following the Effective Date, the Government Securities shall be liquidated, and the proceeds applied in accordance with the provisions of the Unwind Agreement.
- (i) Big Rivers will deliver to Philip Morris Capital Corporation, for as long as the BREC Promissory Note is outstanding, (i) as soon as available after the end of each fiscal year but in no event later than 120 days after the end of such year, its audited financial statements, which include a balance sheet, the statements of revenue and expenses, patronage capital, and cash flows, as at the end of such fiscal year and for the year then ended, together with the report with respect thereto of independent public accountants of nationally recognized standing all in reasonable detail and prepared in accordance with GAAP on a consistent basis, and (ii) within 45 days after the end of each fiscal quarter, copies of the three monthly financial statements of Big Rivers, one for each of the months in such quarter, containing monthly and year-to-date information.

### **Section 3 MISCELLANEOUS**

- (a) Section 13.14 of the Participation Agreement will apply *mutatis mutandis* to this Agreement.
- (b) With respect to anything contained in this Agreement or the other Operative Documents to the contrary notwithstanding (except for any express provisions that the Trustee is responsible for in its individual capacity), no recourse shall be had against the Trustee or against any institution or person which becomes a successor trustee or co-trustee or any officer, director, trustee, servant or direct or indirect parent or controlling person or persons of any of them; provided, however, that this Section 3(b) shall not be construed to prohibit any action or proceeding against any such Person for its own willful misconduct or gross negligence.
- (c) Subject to completion of the transaction contemplated by Section 2 of this Agreement, each Party to this Agreement hereby:
  - (i) consents to each Action;

- (ii) waives any default or non-compliance of any provision of the Operative Documents, including, without limitation, resulting from, directly or indirectly, any Action, other than with respect to the representations, warranties and covenants in Section 4 hereof, the indemnity obligations of Big Rivers in Sections 2(d) through (f), the obligations of Big Rivers under Section 5 and any other Actions required under this Agreement;
- (iii) subject to Section 2(c) hereof, waives and releases each and every Lien that it may possess pursuant to or created by or under any Operative Document being terminated by this Agreement;
- (iv) authorizes each other Party to effect their respective Actions, to the extent such authorization would be required under any Operative Document;
- (v) waives any right to notice of the Actions to the extent such notice would be required under any Operative Document and waives any other documents or certificates required under the Operative Documents to the extent not provided hereunder;
- (vi) subject, if applicable, to having been reimbursed for any expenses expected to be incurred hereunder as provided in Section 5, agrees to (i) cooperate fully with the other Parties, (ii) execute such further instruments, documents and agreements as are necessary or appropriate to give effect to the releases referred to herein, including the filing of termination statements under the Uniform Commercial Code and (iii) give such further written assurances as may be reasonably requested by any other Party to evidence and reflect the Actions and to carry out and effectuate the provisions and purposes of this Agreement; and
- (vii) agrees that the OP Payment Amount shall for all purposes constitute "Excepted Payments" as that term is defined in each Participation Agreement.

#### **Section 4 REPRESENTATIONS AND WARRANTIES**

- (a) Each of Big Rivers and Big Rivers Subsidiary represents and warrants that:

- (i) the execution, delivery and performance of this Agreement by it and its consummation of the transactions contemplated hereby do not conflict with, result in a breach of, or constitute a default under, any Applicable Law, or under any indenture, mortgage, deed of trust or other instrument or agreement to which it is a party or by which it or any of its assets may be bound;
  - (ii) the execution, delivery and performance of this Agreement by it and its consummation of the transactions contemplated hereby have been duly authorized by all necessary action on its part, and do not and will not violate its Articles of Incorporation or By-Laws, and no further consent, authorization or approval of, or exemption by, or the giving of notice to, or the registration with or the taking of any other action in respect of any Governmental Entity or any Person is required;
  - (iii) assuming due authorization, execution and delivery by each other Party hereto, this Agreement constitutes its legal, valid and binding obligation and is enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium and other similar laws affecting the rights of creditors generally; and
  - (iv) it has the requisite power and authority to (a) enter into, exercise its rights and perform and comply with its obligations under this Agreement and all other documents relating hereto and (b) take all actions relating to this Agreement and all other documents relating hereto.
- (b) Each of the Lease Transaction Party hereby represents and warrants that:
- (i) the execution, delivery and performance of this Agreement by it and its consummation of the transactions contemplated hereby do not conflict with, result in a breach of, or constitute a default under, any Applicable Law, or under any indenture, mortgage, deed of trust, or other instrument or agreement to which it is a party or by which it or any of its assets may be bound;
  - (ii) the execution, delivery and performance of this Agreement by it and the consummation of the transactions

contemplated hereby have been duly authorized by all necessary governmental action, and no further consent, authorization or approval of, or exemption by, or the giving of notice to, or registration with or the taking of any other action in respect of any governmental authority or agency is required;

- (iii) this Agreement constitutes its legal, valid and binding obligation and is enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium and other similar laws affecting the rights of creditors generally; and
  - (iv) assuming due authorization, execution and delivery by each other Party hereto, it has the requisite power and authority to (a) enter into, exercise its rights and perform and comply with its obligations under this Agreement and all other documents relating hereto and (b) take all actions relating to this Agreement and all other documents relating hereto.
- (c) Giving effect to the Actions,
- (i) each Owner Trust represents and warrants that its respective Facility Lessor's Interest is free and clear of all Facility Lessor's Liens attributable to it;
  - (ii) the Owner Participant represents and warrants that each of the Facility Lessor's Interests is free and clear of all Owner Participant's Liens attributable to it.
- (d) Giving effect to the Actions, each of the Lenders, the Agent, the Government Securities Collateral Agent and Stock Pledge Agreement Collateral Agent represents and warrants that the Collateral is free and clear of all Liens attributable to it.
- (e) Each Party hereto represents and warrants that it has not engaged any placement agent or broker in connection herewith and hereby undertakes to the other parties hereto that it shall be solely responsible for the fees, expenses and any other amounts due to any placement agent or broker engaged by it.

## **Section 5      EXPENSES**

All reasonable and documented fees and expenses incurred by the Parties in connection with the negotiation, execution and delivery of this Agreement and any related

documents and agreements and giving effect to the consents, terminations and releases contemplated hereby and thereby, shall be paid by Big Rivers.

**Section 6 GOVERNING LAW**

THIS AGREEMENT, AND ANY DISPUTE ARISING OUT OF OR RELATING TO IT, INCLUDING ANY DISPUTE OVER RIGHTS IN THE FACILITY, OR ANY PART THEREOF, SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

**Section 7 COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed an original, and all such counterparts shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be as effective as delivery of a manually executed counterpart of this Agreement.

**Section 8 TRUSTEE AUTHORITY**

By its execution hereof, the Owner Participant authorizes and directs the Trustee to execute, deliver and perform this Agreement and all other documents and agreements required to be executed by the Trustee, any of the OP Trusts or any of the Owner Trusts, as the case may be, which are referred to herein or as otherwise may be necessary in order to comply with this Agreement or to effectuate the *transactions contemplated herein*.

**Section 9 SEVERABILITY**

Any provision of this Agreement which is invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without invalidating, prohibiting the observance of or rendering unenforceable the remaining provisions hereof, and any such invalidity, illegality or unenforceability in any jurisdiction shall not invalidate, prohibit the observance of or render unenforceable such jurisdiction in any other jurisdiction.

**Section 10 ENTIRE AGREEMENT**

This Agreement, together with the documents, instruments and agreements required to be executed and delivered in connection therewith shall, except as expressly provided to the contrary herein, supersede all prior agreements and understandings of the parties with respect to the *subject matter covered hereby*.

**Section 11 METHOD OF PAYMENT**

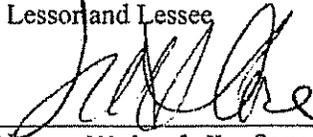
Each of the OP Payment Amount (cash portion) and Series B Prepayment Amount required to be paid pursuant to the terms of this Agreement on the Effective Date are hereby irrevocably instructed to be paid in immediately available funds to the accounts set forth on Schedule 1 hereto.

**Section 12 SURVIVAL**

The Parties hereby agree that the indemnity obligations of Big Rivers under this Agreement, as provided under Sections 2(d) through (f) hereof, and the obligations of Big Rivers under Section 5 hereof shall survive the execution and delivery of this Agreement.

IN WITNESS WHEREOF, the Parties have each caused this Termination Agreement to be duly executed as of the day and year first written above.

BIG RIVERS ELECTRIC CORPORATION,  
as Head Lessor and Lessee

By:   
Name: Michael H. Core  
Title: President/CEO

BIG RIVERS LEASING CORPORATION,  
as Big Rivers Subsidiary

By: \_\_\_\_\_  
Name:  
Title:

PBR-1 STATUTORY TRUST, PBR-2 STATUTORY TRUST and  
PBR-3 STATUTORY TRUST,  
each as Owner Trust

By: U.S. Bank National Association, as Trustee

By: \_\_\_\_\_  
Name:  
Title:

PBR-1 OP STATUTORY TRUST, PBR-2 OP STATUTORY TRUST and  
PBR-3 OP STATUTORY TRUST,  
each as OP Trust

By: U.S. Bank National Association, as Trustee

By: \_\_\_\_\_  
Name:  
Title:

**IN WITNESS WHEREOF**, the Parties have each caused this Termination Agreement to be duly executed as of the day and year first written above.

BIG RIVERS ELECTRIC CORPORATION,  
as Head Lessor and Lessee

By: \_\_\_\_\_  
Name:  
Title:

BIG RIVERS LEASING CORPORATION,  
as Big Rivers Subsidiary

By:  \_\_\_\_\_  
Name: Andrew T. Panaccione  
Title: Secretary

PBR-1 STATUTORY TRUST, PBR-2 STATUTORY TRUST and  
PBR-3 STATUTORY TRUST,  
each as Owner Trust

By: U.S. Bank National Association, as Trustee

By: \_\_\_\_\_  
Name:  
Title:

PBR-1 OP STATUTORY TRUST, PBR-2 OP STATUTORY TRUST and  
PBR-3 OP STATUTORY TRUST,  
each as OP Trust

By: U.S. Bank National Association, as Trustee

By: \_\_\_\_\_  
Name:  
Title:

**IN WITNESS WHEREOF**, the Parties have each caused this Termination Agreement to be duly executed as of the day and year first written above.

BIG RIVERS ELECTRIC CORPORATION,  
as Head Lessor and Lessee

By: \_\_\_\_\_  
Name:  
Title:

BIG RIVERS LEASING CORPORATION,  
as Big Rivers Subsidiary

By: \_\_\_\_\_  
Name:  
Title:

PBR-1 STATUTORY TRUST, PBR-2 STATUTORY TRUST and  
PBR-3 STATUTORY TRUST,  
each as Owner Trust

By: U.S. Bank National Association, as Trustee

By:  \_\_\_\_\_  
Name: Philip G. Kane, Jr.  
Title: Vice President

PBR-1 OP STATUTORY TRUST, PBR-2 OP STATUTORY TRUST and  
PBR-3 OP STATUTORY TRUST,  
each as OP Trust

By: U.S. Bank National Association, as Trustee

By:  \_\_\_\_\_  
Name: Philip G. Kane, Jr.  
Title: Vice President

BLUEGRASS LEASING,  
as Owner Participant

By: Philip Morris Capital Corporation, its general partner

By: \_\_\_\_\_  
Name:  
Title:

AME INVESTMENTS, LLC,  
as Series A Lender

By: \_\_\_\_\_  
Name:  
Title:

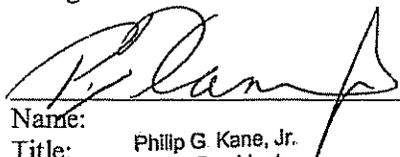
COBANK, ACB,  
as Series B Lender

By: \_\_\_\_\_  
Name:  
Title:

AME ASSET FUNDING, LLC,  
as Payment Undertaker

By: \_\_\_\_\_  
Name:  
Title:

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee, Government Securities Collateral Agent and Stock Pledge Agreement  
Collateral Agent

By:  \_\_\_\_\_  
Name:  
Title: Philip G. Kane, Jr.  
Vice President

BLUEGRASS LEASING,  
as Owner Participant

By: Philip Morris Capital Corporation, its general partner

By: Steve P. Seagriff  
Name: Steve P. Seagriff  
Title: Vice President

AME INVESTMENTS, LLC,  
as Series A Lender

By: \_\_\_\_\_  
Name:  
Title:

COBANK, ACB,  
as Series B Lender

By: \_\_\_\_\_  
Name:  
Title:

AME ASSET FUNDING, LLC,  
as Payment Undertaker

By: \_\_\_\_\_  
Name:  
Title:

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee, Government Securities Collateral Agent and Funding Agreement Collateral  
Agent

By: \_\_\_\_\_  
Name:  
Title:

BLUEGRASS LEASING,  
as Owner Participant

By: Philip Morris Capital Corporation, its general partner

By: \_\_\_\_\_  
Name:  
Title:

AME INVESTMENTS, LLC,  
as Series A Lender

By:  \_\_\_\_\_  
Name: David J. Weissman  
Title: Ambac Board Member

COBANK, ACB,  
as Series B Lender

By: \_\_\_\_\_  
Name:  
Title:

AME ASSET FUNDING, LLC,  
as Payment Undertaker

By:  \_\_\_\_\_  
Name: David J. Weissman  
Title: Ambac Board Member

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee, Government Securities Collateral Agent and Funding Agreement Collateral  
Agent

By: \_\_\_\_\_  
Name:  
Title:

BLUEGRASS LEASING,  
as Owner Participant

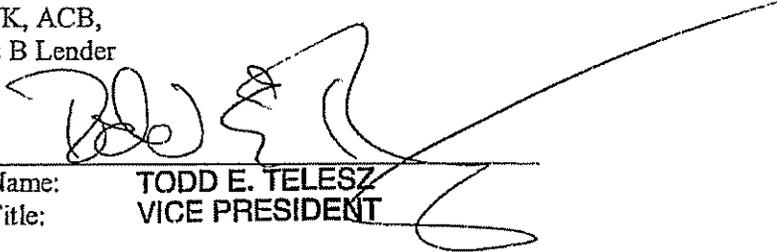
By: Philip Morris Capital Corporation, its general partner

By: \_\_\_\_\_  
Name:  
Title:

AME INVESTMENTS, LLC,  
as Series A Lender

By: \_\_\_\_\_  
Name:  
Title:

COBANK, ACB,  
as Series B Lender

By:   
Name: TODD E. TELESZ  
Title: VICE PRESIDENT

AME ASSET FUNDING, LLC,  
as Payment Undertaker

By: \_\_\_\_\_  
Name:  
Title:

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee, Government Securities Collateral Agent and Funding Agreement Collateral  
Agent

By: \_\_\_\_\_  
Name:  
Title:

BLUEGRASS LEASING,  
as Owner Participant

By: Philip Morris Capital Corporation, its general partner

By: \_\_\_\_\_  
Name:  
Title:

AME INVESTMENTS, LLC,  
as Series A Lender

By: \_\_\_\_\_  
Name:  
Title:

COBANK, ACB,  
as Series B Lender

By: \_\_\_\_\_  
Name:  
Title:

AME ASSET FUNDING, LLC,  
as Payment Undertaker

By: \_\_\_\_\_  
Name:  
Title:

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee, Government Securities Collateral Agent and Stock Pledge Agreement  
Collateral Agent

By: \_\_\_\_\_  
Name:  
Title:

AIG MATCHED FUNDING CORP.,  
as Funding Agreement Issuer

By:  \_\_\_\_\_  
Name: Chris Toft  
Title: Vice President

AIG MATCHED FUNDING CORP,  
as Funding Agreement Issuer

By: \_\_\_\_\_  
Name:  
Title:

AMBAC CREDIT PRODUCTS, LLC,  
as Swap Provider

By:  \_\_\_\_\_  
Name: *David J. Kelly*  
Title: *Managing Director*

AMBAC ASSURANCE CORPORATION,  
as Swap Guarantor and as Series B Loan FGIP Issuer

By: \_\_\_\_\_  
Name:  
Title:

AIG MATCHED FUNDING CORP,  
as Funding Agreement Issuer

By: \_\_\_\_\_  
Name:  
Title:

AMBAC CREDIT PRODUCTS, LLC,  
as Swap Provider

By: \_\_\_\_\_  
Name:  
Title:

AMBAC ASSURANCE CORPORATION,  
as Swap Guarantor and as Series B Loan FGIP Issuer

By:   
Name: DENNIS M. PIDERNEY  
Title: MANAGING DIRECTOR

AMBAC ASSURANCE CORPORATION,  
as Funding Agreement FGIP Issuer

By:   
Name: DENNIS M. P. O'BRIEN  
Title: MANAGING DIRECTOR

**SCHEDULE 1  
SETTLEMENT CASH FLOWS AND DELIVERIES**

1. Series A Prepayment: The acceptance by the Series A Lender of all right, title and interest under each Payment Agreement as and for payment of the Payment Termination Amount and as satisfaction in full of all amounts due under each of the respective Series A Loans, as described in the Agreement, shall, on the Effective Date, be deemed to constitute the payment by Big Rivers of such amounts to each of the respective Owner Trusts in satisfaction of a portion of the agreed consideration to the Owner Trusts for the purchase by Big Rivers of all of the Facility Lessor's Interest and the each of the respective Owner Trusts shall also be deemed to have paid such amounts to the Series A Lender in respect of each of the respective Series A Loan Certificates.
2. Series B Prepayment Amount: Big Rivers Leasing Corporation shall cause the Government Securities Collateral Agent to deliver the Government Securities to CoBank on behalf of each of the respective Owner Trusts, pursuant to instructions received from CoBank in satisfaction of all amounts due under each Series B Loan, including the Make-Whole Payment, whereupon Big Rivers, on the Effective Date, will be deemed to have paid such amount to each of the respective Owner Trusts in satisfaction of a portion of the agreed consideration to each of the respective Owner Trusts for the purchase by Big Rivers of all of the Facility Lessor's Interest and each of the respective Owner Trusts shall be deemed to have paid such amounts to the Series B Lender in respect of each of the respective Series B Loan Certificates.
3. OP Payment Amount: On the Effective Date, Big Rivers shall pay or cause to be paid to Philip Morris Capital Corporation, as designee of each of the respective Owner Trusts, \$201,620,000 to account referred to below and shall deliver to Philip Morris Capital Corporation its promissory note payable to the order of Philip Morris Capital Corporation in the amount of \$12,380,000 in the form attached hereto as Exhibit A to Schedule 1, in satisfaction of the balance of the agreed consideration owed to each of the respective Owner Trusts for the purchase by Big Rivers of all of the Facility Lessor's Interest.

Citibank, N.A.  
ABA# 021-000-089  
For the Account of Philip Morris Capital Corporation  
A/C# 3024-1278  
Reference: Big Rivers Termination Note

4. Equity Swap Deliveries: On the Effective Date, the Owner Trusts shall deliver to Ambac Credit Products the cancelled Equity Swaps and Surety Bonds.

5. Big Rivers Swap Deliveries: On the Effective Date, Ambac Credit Products shall deliver to Big Rivers the cancelled Big Rivers Swaps.
6. Lender Deliveries: On the Effective Date, each Lender shall deliver to the Trustee each respective cancelled Loan Certificate. The Series B Lender shall also deliver, on the Effective Date, each cancelled Series B Loan FGIP to Ambac.
7. Funding Agreement Deliveries: The party in possession of the cancelled Funding Agreement FGIPs shall promptly deliver the same to Ambac.
8. Government Securities Deliveries: On the Effective Date, U.S. Bank National Association as Government Securities Collateral Agent shall deliver to CoBank, as designee of Big Rivers Leasing Corporation the Government Securities listed on Exhibit B to Schedule 1 attached hereto. Any cash amounts up to \$5,000.00 constituting "Collateral" under and as defined in the Government Securities Pledge Agreement shall be distributed to Big Rivers on the Effective Date.
9. Government Securities Liquidated: Following the Effective Date, the Government Securities shall be liquidated, and the proceeds applied, in accordance with the provisions of the Unwind Agreement.

## EXHIBIT A

### FORM OF PROMISSORY NOTE

U.S. \$12,380,000.00

Dated: September 30, 2008

FOR VALUE RECEIVED, BIG RIVERS ELECTRIC CORPORATION (the "Maker") hereby promises to pay to the order of PHILIP MORRIS CAPITAL CORPORATION (the "Holder"), the principal sum of U.S. \$12,380,000.00 on December 15, 2009 (the "Outside Maturity Date") and to pay interest on said principal on the last day of each month beginning with October 31, 2008 (each an "Interest Payment Date") at the rate of 8.5% per annum (the "Stated Rate") until the principal hereof is paid. In the event any Interest Payment Date is not a Business Day, then payment of interest due on such date will be made on the next succeeding day which is a Business Day (and without any interest or payment in respect of such delay) with the same force and effect as if made on the Interest Payment Date. Interest hereunder shall be computed on the basis of a 360-day year consisting of twelve 30-day months and for any period shorter than a full month, on the basis of the actual number of days elapsed in such period. As used herein, "Business Day" means any day other than a Saturday or Sunday, which is not a day on which banking institutions or trust companies in New York City or Louisville, Kentucky are generally authorized or required by law, regulation or executive order to remain closed.

The Maker promises to pay interest at the Default Rate on any payment of interest or principal due hereunder that is not punctually paid on the date it is due, from such due date until such overdue payment is made. "Default Rate" hereunder shall mean 10.5% per annum calculated in the manner specified above for the "Stated Rate".

This principal on this note, together with accrued but unpaid interest thereon, shall also be due and payable in full prior to the "Outside Maturity Date" on the date (i) the closing (the "Closing") occurs under Section 2.2 of the Transaction Termination Agreement dated as of March 26, 2007 among the Maker, LG&E Energy Marketing Inc. and Western Kentucky Energy Corp., as amended or modified, provided such Closing occurs prior to the Outside Maturity Date or (ii) an Event of Default occurs. As used herein, "Event of Default" means (i) any failure of the Maker to pay (x) principal under this Note on the date such principal is due and payable according to the terms hereof, or (y) interest under this Note no later than the fifth day after the date such interest is due and payable in accordance with the terms hereof, (ii) the commencement of any bankruptcy, insolvency or similar proceeding by or against the Maker under applicable Federal or state law or (iii) breach of the Maker's representation, warranty or agreement set forth in the third to last paragraph of this Note, together with receipt by the Maker of a written notice from the Holder specifying such breach as an Event of Default hereunder.

The Maker may prepay the principal of this Note prior to the due date specified herein on any Business Day specified in a written notice delivered to the Holder at least two

Business Days prior to the prepayment date (the "Prepayment Date") specified in such notice, together with the payment of all unpaid and accrued interest on said principal as of the Prepayment Date, without any prepayment penalty or premium.

The Maker agrees to pay all reasonable costs and expenses (including reasonable fees and expenses of counsel) incurred by the Holder in enforcing its rights and the Maker's obligations under this Note.

The Maker (i) represents and warrants to the Holder that this Note has been duly authorized, executed and delivered by the Maker and is the valid, binding obligation of the Maker, enforceable in accordance with its terms and (ii) agrees that its obligations hereunder are not assignable to any other person.

Unless the Holder otherwise advises the Maker in writing, all payments hereunder shall be made to the Holder by wire transfer of same-day funds on the date such funds are due and payable pursuant to the following wire instructions:

Citibank, N.A.  
ABA# 021-000-089  
For the Account of Philip Morris Capital Corporation  
A/C# 3024-1278  
Reference: Big Rivers Termination Note

This Note shall be construed in accordance with and governed by the laws of the State of New York, without regard to choice of laws principles thereof other than Sections 5-1401 and 5-1402 of the New York General Obligations Law.

**BIG RIVERS ELECTRIC  
CORPORATION**

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT B**

123696-010 PBR-1 CUSTODIAN

CASH BASIS

SECURITY DESCRIPTION	P	ANNUAL INC/	CURR		
SHARES/PV	MARKET VALUE	FEDERAL COST	%MKI	UNREAL G/L	YIELD
SHORT TERM FDS-TAXABLE (ACM)					
=====					
FIRST AMER TREAS OBLIG FD CL D	31846V302	1	0		
456 6600	456.66	456.66	0.0	0	0.1
US AGENCIES-DISC/ZERO CPN					
=====					
F H L M C M I N ZERO	1/04/09 312902WGO	1	206,291		
3,066,000.0000	3,057,537.84	1,722,233.52	10.9	1,335.304	6.7
F H L M C M I N ZERO	1/04/10 312902WH8	1	87,313		
1,388,000.0000	1,350,357.44	730,157.40	4.8	620,200	6.5
F H L M C M I N ZERO	1/04/11 312902WJ4	1	85,406		
1,452,000.0000	1,379,414.52	715,429.44	4.9	663.985	6.2
F H L M C M I N ZERO	1/04/12 312902VSS	1	92,238		
1,677,000.0000	1,533,884.82	774,119.97	5.5	759.765	6.0
F H L M C M I N ZERO	1/04/13 312902VT3	1	86,169		
1,674,000.0000	1,469,135.88	723,218.22	5.3	745.918	5.9
F H L M C M I N ZERO	1/04/14 312902VU0	1	80,669		
1,674,000.0000	1,412,085.96	676,898.64	5.1	735,187	5.7
F H L M C M I N ZERO	1/04/15 312902WK1	1	75,308		
1,673,000.0000	1,339,336.88	635,321.75	4.8	704,015	5.6
F H L M C M I N ZERO	1/04/16 312902WL9	1	70,369		
1,671,000.0000	1,259,867.16	594,992.97	4.5	664,874	5.6
F H L M C M I N ZERO	1/04/17 312902WM7	1	65,909		
1,670,000.0000	1,178,719.40	555,375.20	4.2	623,344	5.6
F H L M C M I N ZERO	1/04/18 312902VV8	1	61,669		
1,669,000.0000	1,111,921.18	519,743.29	4.0	592,178	5.5
FF H L M C M I N ZERO	1/04/19 312902VW6	1	57,659		
1,667,000.0000	1,048,309.62	486,147.21	3.7	562,162	5.5
F H L M C M I N ZERO	1/04/20 312902VX4	1	53,947		
1,666,000.0000	984,972.52	455,034.58	3.5	529,938	5.5
F H L M C M I N ZERO	1/04/21 312902VG1	1	50,445		
1,665,000.0000	928,304.10	426,955.95	3.3	501,348	5.4
F H L M C M I N ZERO	1/04/22 312902VH9	1	47,145		
1,662,000.0000	876,788.10	399,578.04	3.1	477,210	5.4
F H L M C M I N ZERO	1/04/23 312902VJ5	1	43,934		
1,654,000.0000	826,057.22	372,745.44	3.0	453,312	5.3

123696-010 PBR-1 CUSTODIAN

CASH BASIS

SECURITY DESCRIPTION				P	ANNUAL INC/	CURR
SHARES/PV	MARKET VALUE	FEDERAL COST	%MKT		UNREAL G/L	YIELD
F H L M C M T N ZERO	1/04/24	312902VKZ		1	2,288	
92,000.0000	43,878.48	19,453.40	0.2		24.425	5.2
F H L M C M T N ZERO	1/04/25	312902VLO		1	418,039	
17,944,000.0000	8,158,239.60	3,590,056.08	29.2		4.568,184	5.1
-----						
INVESTMENTS	27,959,267.38	13,397,917.76	100.0		1,584,798	5.7
					14,561,350	
PRINCIPAL CASH	0.00	0.00				
TOTAL	27,959,267.38	13,397,917.76				
INCOME CASH	0.00					
INV. INCOME CASH	0.00					
VERY LIQUID BALANCE		456.66				

123696-011 PBR-2 CUSTODIAN

CASH BASIS

SECURITY DESCRIPTION	P	ANNUAL INC/	CURR
SHARES/PV MARKET VALUE FEDERAL COST %MKT UNREAL G/L YIELD			
SHORT TERM FDS-TAXABLE (ACM)			
=====			
FIRST AMER TREAS OBLIG FD CL D	31846V302	1	0
456.6600 456.66 456.66 0.0 0 0.1			
US AGENCIES-DISC/ZERO CPN			
=====			
F H L M C M T N ZERO 1/04/09 312902WG0	1	206.291	
3,066,000.0000 3,057,537.84 1,722,233.52 10.9 1,335,304 6.7			
F H L M C M T N ZERO 1/04/10 312902WH8	1	87,313	
1,388,000.0000 1,350,357.44 730,157.40 4.8 620,200 6.5			
F H L M C M T N ZERO 1/04/11 312902WJ4	1	85,406	
1,452,000.0000 1,379,414.52 715,429.44 4.9 663,985 6.2			
F H L M C M T N ZERO 1/04/12 312902VS5	1	92,238	
1,677,000.0000 1,533,884.82 774,119.97 5.5 759,765 6.0			
F H L M C M T N ZERO 1/04/13 312902VT3	1	86,169	
1,674,000.0000 1,469,135.88 723,218.22 5.3 745,918 5.9			
F H L M C M T N ZERO 1/04/14 312902VU0	1	80,669	
1,674,000.0000 1,412,085.96 676,898.64 5.1 735,187 5.7			
F H L M C M T N ZERO 1/04/15 312902WK1	1	75,308	
1,673,000.0000 1,339,336.88 635,321.75 4.8 704,015 5.6			
F H L M C M T N ZERO 1/04/16 312902WL9	1	70,369	
1,671,000.0000 1,259,867.16 594,992.97 4.5 664,874 5.6			
F H L M C M T N ZERO 1/04/17 312902WM7	1	65,909	
1,670,000.0000 1,178,719.40 555,375.20 4.2 623,344 5.6			
F H L M C M T N ZERO 1/04/18 312902VV8	1	61,665	
1,669,000.0000 1,111,921.18 519,743.29 4.0 592,178 5.5			
FF H L M C M T N ZERO 1/04/19 312902VW6	1	57,659	
1,667,000.0000 1,048,309.62 486,147.21 3.7 562,162 5.5			
F H L M C M T N ZERO 1/04/20 312902VX4	1	53,947	
1,666,000.0000 984,972.52 455,034.58 3.5 529,938 5.5			
F H L M C M T N ZERO 1/04/21 312902VG1	1	50,445	
1,665,000.0000 928,304.10 426,955.95 3.3 501,348 5.4			
F H L M C M T N ZERO 1/04/22 312902VH9	1	47,145	
1,662,000.0000 876,788.10 399,578.04 3.1 477,210 5.4			
F H L M C M T N ZERO 1/04/23 312902VJ5	1	43,934	
1,654,000.0000 826,057.22 372,745.44 3.0 453,312 5.3			

U.S. BANK

ADMIN PG 2

HOLDINGS LIST PRICED AS OF: 9/24/08

09/25/08 13:40

123696-011 PBR-2 CUSTODIAN

CASH BASIS

SECURITY DESCRIPTION				P	ANNUAL INC/	CURR
SHARES/PV	MARKET VALUE	FEDERAL COST	%MKT		UNREAL G/L	YIELD
F H L M C M T N ZERO	1/04/24	312902VK2		1	2,288	
92,000.0000	43,878.48	19,453.40	0.2		24,425	5.2
F H L M C M T N ZERO	1/04/25	312902VL0		1	418,039	
17,944.000.0000	8,158,239.60	3,590,056.08	29.2		4,568,184	5.1
-----						
INVESTMENTS	27,959,267.38	13,397,917.76	100.0		1,584,794	5.7
					14,561.350	
PRINCIPAL CASH	0.00	0.00				
TOTAL	27,959,267.38	13,397,917.76				
INCOME CASH	0.00					
INV. INCOME CASH	0.00					
VERY LIQUID BALANCE		456.66				

123696-012 PBR-3 CUSTODIAN

CASH BASIS

SECURITY DESCRIPTION	P	ANNUAL INC/	CURR
SHARES/PV	MARKET VALUE	FEDERAL COST	%MKT UNREAL G/L YIELD
SHORT TERM FDS-TAXABLE (ACM)			
=====			
FIRST AMER TREAS OBLIG FD CL D	31846V302	1	0
368.7200	368.72	368.72	0.0 0 0.1
US AGENCIES-DISC/ZERO CPN			
=====			
F H L M C M T N ZERO	1/04/09 312902WGO	1	164.575
2,446,000.0000	2,439,249.04	1,373,967.12	10.6 1,065,282 6.7
F H L M C M T N ZERO	1/04/10 312902WHB	1	67.435
1,072,000.0000	1,042,927.36	563,925.60	4.5 479,002 6.5
F H L M C M T N ZERO	1/04/11 312902WJ4	1	65.996
1,122,000.0000	1,065,911.22	552,831.84	4.7 513,079 6.2
F H L M C M T N ZERO	1/04/12 312902VS5	1	71,117
1,293,000.0000	1,182,655.38	596,861.73	5.2 585,794 6.0
F H L M C M T N ZERO	1/04/13 312902VT3	1	66.506
1,292,000.0000	1,133,885.04	558,182.76	4.9 575,702 5.9
F H L M C M T N ZERO	1/04/14 312902VU0	1	62,212
1,291,000.0000	1,089,010.14	522,028.76	4.8 566,981 5.7
F H L M C M T N ZERO	1/04/15 312902WK1	1	58,158
1,292,000.0000	1,034,323.52	490,637.00	4.5 543,687 5.6
F H L M C M T N ZERO	1/04/16 312902WL9	1	54,325
1,290,000.0000	972,608.40	459,330.30	4.2 513,278 5.6
F H L M C M T N ZERO	1/04/17 312902WM7	1	50,951
1,291,000.0000	911,213.62	429,334.96	4.0 481,879 5.6
F H L M C M T N ZERO	1/04/18 312902VV8	1	47,625
1,289,000.0000	858,757.58	401,407.49	3.7 457,350 5.5
FF H L M C M T N ZERO	1/04/19 312902VW6	1	44,619
1,290,000.0000	811,229.40	376,202.70	3.5 435,027 5.5
F H L M C M T N ZERO	1/04/20 312902VX4	1	41,707
1,288,000.0000	761,491.36	351,791.44	3.3 409,700 5.5
F H L M C M T N ZERO	1/04/21 312902VG1	1	39,023
1,288,000.0000	718,111.52	330,281.84	3.1 387,830 5.4
F H L M C M T N ZERO	1/04/22 312902VH9	1	36,507
1,287,000.0000	678,956.85	309,420.54	3.0 369,536 5.4
F H L M C M T N ZERO	1/04/23 312902VJ5	1	34,185
1,287,000.0000	642,766.41	290,038.32	2.8 352,728 5.3

HOLDINGS LIST

PRICED AS OF: 9/24/08

09/25/08 13:40

123696-012 PBR-3 CUSTODIAN

CASH BASIS

SECURITY DESCRIPTION	P	ANNUAL INC/	CURR
SHARES/PV	MARKET VALUE	FEDERAL COST	%MKT UNREAL G/L YIELD
F H L M C M I N ZERO	1/04/24	312902VK2	1
1,285,000.0000	612,867.90	271,713.25	2.7
			31,963
			341,155
			5.2
F H L M C M I N ZERO	1/04/25	312902VL0	1
1,056,000.0000	480,110.40	211,273.92	2.1
			24.601
			268,836
			5.1
F H L M C M I N ZERO	1/04/26	312902VM8	1
82,000.0000	34,950.04	15,399.60	0.2
			1,790
			19,550
			5.1
F H L M C M I N ZERO	1/04/27	312902VN6	1
16,032,000.0000	6,451,276.80	2,830,289.28	28.1
			328,041
			3,620,988
			5.1
-----			
INVESTMENTS	22,922,670.70	10,935,287.17	100.0
			1,291,336
			11.987,384
PRINCIPAL CASH	0.00	0.00	
TOTAL	22,922,670.70	10,935,287.17	
INCOME CASH	0.00		
INV. INCOME CASH	0.00		
VERY LIQUID BALANCE		368.72	

**SCHEDULE 2**

**SECTION 2(C) EXCEPTED OPERATIVE DOCUMENTS**

First Mortgage Supplement

Capitalized terms used in this Schedule 2 have the meanings assigned to them in Appendix A to the applicable Participation Agreement.